(3)

No. 91-763

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1991

REPUBLIC OF ARGENTINA and BANCO CENTRAL DE LA REPUBLICA ARGENTINA,

Petitioners,

—v.—

WELTOVER, INC., SPRINGDALE ENTERPRISES, INC. and BANK CANTRADE, A.G.,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

JOINT APPENDIX

RICHARD J. DAVIS*
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Attorney for Respondents

PETITION FOR CERTIORARI FILED NOVEMBER 8, 1991
CERTIORARI GRANTED JANUARY 10, 1992

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Relevant Docket Entries in the District Court

89 CIV. 8926 WELTOVER INC., et al. —v— REPUBLIC OF ARGENTINA, et al., 89 CIV. 6926

DATE	NR.	PROCEEDINGS
10/18/89	1	Fld Complaint; Issued Summons & Notice purs to 28 USC 636(c). KG
2/28/90	4	Fld order, sve by the pltff upon deft shall be deemed consummated. . . SPRIZZO,J. LA
4/12/90	5	Fld defts notice of motion to dismiss the complt, rtn dte 7-6-90 at 10AM. LA
4/12/90	6	Fld affdvt of Daniel Marx in support of motion to dismiss. LA
4/12/90	7	Fld defts memo of law in support of motion to dismiss. LA
4/20/90	8	Fld defts affdvt of Bonnie Garone. LA
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6/1/90	11	Fld pltffs affdvt of Richard Cutler in opposition to defts motion to dismiss. LA
6/1/90	12	Fld pltffs memo of law in opposition to defts motion to dismiss. LA
1/4/91	16	Fld opinion & Order #67275, defts Republic of Argentina and Banco Central de la Republica Argentina's motions to dismiss shall be and hereby are denied in all respects. . . . SPRIZZO, J. KS
1/30/91	18	Fld DEFTS NOTICE OF APPEAL to the U.S. Court of Appeals for the 2nd Circuit from an of Hon. J.E. SPRIZZO, entered in the Clerk's office for the USDC, SDNY on 1/4/91 denying defts' motion to dismiss the Complaint purs. to the Foreign Sovereign Immunities Act of 1976 Fld on 2/1/91. MAILED COPIES TO:

RICHARD W. CUTLER
342 Madison Ave.
NY, NY 10173

WEIL GOTSHAL & MANGES
c/o RICHARD DAVIS
767 Fifth Ave.
NY, NY 10022 MK

2/28/91	19	Fld notice of original record has been transmitted to the USCA. LA

NO FURTHER ENTRIES,
SEE COMPUTERIZED DOCKET

Relevant Document Entries in the Court of Appeals

Proceedings include all events.
91-7119 Weltover, Inc., et al v. Republic of Argentina, et al

DATE	PROCEEDINGS
2/5/91	Copy of district court docket entries and notice of appeal on behalf of Appellants Republic of Argentina, Banco Central de la Republica Argentina filed. [91-7119] (cop)
2/5/91	Copy of receipt re: payment of docketing fee filed on behalf of Appellants Republic of Argentina et al receipt #: 28332. [91-7119] (cop)
2/5/91	Appellants Republic of Argentina et al Form C filed, with proof of service. [91-7119] [received 2/4/91] Form C deadline satisfied. (cop)
2/5/91	Appellants Republic of Argentina et al Form D filed, with proof of service. [91-7119] [received 2/4/91] Form D deadline satisfied. (cop)
2/6/91	Scheduling order #1 filed. Record on appeal due on 3/1/91. Appellant's brief and appendix due on 3/8/91. Appellee's brief due on 4/8/91. Argument as early as week of 4/29/91. (Pre-Argument Conference scheduled for 2/15/91 @ 3:00PM).
2/13/91	Notice of appearance form on behalf of Richard W. Cutler, Esq., received. (Orig. to Calendar) (twg)
2/28/91	Record on appeal filed. (Original papers of district court.) Number of volumes: 1 (kb)
3/8/91	Notice of appearance form on behalf of Richard J. Davis, Esq., received. (Orig. to Calendar) (mat)

DATE	PROCEEDINGS
3/8/91	Appellant Republic of Argentina, Appellant Banco Central de la brief FILED with proof of service. (twr)
3/8/91	Appellant Republic of Argentina, Appellant Banco Central de la joint appendix filed w/ pfs. (twr)
4/5/91	Appellee Weltover, Inc., Appellee Springdale Enterpris, Appellee Bank Cantrade, A.G. brief FILED with proof of service Satisfy appellee's brief due. (twk)
4/8/91	Proposed for argument the week of 5/20/91. (cal)
4/18/91	Set for argument on 5/23/91 at USCthse. [91-7119] (cac)
4/19/91	Appellees Weltover, Inc., Springdale Enterpris, Bank Cantrade, A.G., & Appellant Republic of Argentina, Appellant Banco Central de la 28(J) letter (stipulation that page 45 of Joint Appendix is replaced by attached clear copy) received. (twk)
4/22/91	Appellant Republic of Argentina, Appellant Banco Central de la reply brief filed with proof of service. (ar)
5/6/91	Appellee Weltover, Inc., Springdale Enterpris 28(J) letter received. (twg)
5/23/91	Case heard before MESKILL, MINER, MCLAUGHLIN, C.JJ. (TAPE: 235 + 236) (car)
8/13/91	Judgment AFFIRMED by published signed opinion filed. (JMCL). (twm)
8/13/91	Judgment filed. (twm)

DATE	PROCEEDINGS
8/23/91	Appellees Weltover, Inc., Springdale Enterpris, and Bank Cantrade, A.G. itemized and verified bill of costs received. (twm)
8/29/91	Appellant Republic of Argentina, Appellant Banco Central de la Republica Argentina's motion to stay the mandate pending application to Supreme Court for a writ of certiorari. Filed (w/pfs). [212900-1] (twt)
8/30/91	Appellee Weltover, Inc., Appellee Springdale Enterpris, Apellee Bank Cantrade, A.G. statement of costs taxed in the amount of $225 filed. (twh)
9/3/91	Order FILED GRANTING motion to stay issuance of mandate until November 8, 1991 [212900-1] by Appellant Republic of Argentina, Banco Central de la, endorsed on motion form dated 8/29/91. (twt)
9/9/91	Appellees Weltover, Inc. Springdale Enterpris, Bank Cantrade, A.G. motion to amend order staying mandate only to 10-3-91 filed (w/pfs). [215125-1] (twm)
9/9/91	Appellant Republic of Argentina, Appellant Banco Central de la affidavit in opposition to motion to amend document [215125-1] filed (w/pfs). (twm)
9/12/91	Order FILED DENYING motion to amend [215125-1] by Appellee Weltover, Inc., Springdale Enterpris, Bank Cantrade, A.G., endorsed on motion dated 9/9/91. (twm)
11/15/91	Notice of filing petition for writ of certiorari for Appellant Republic of Argentina, & Banco Central de la dated 11.8.91 filed. Supreme C#: 91-763. (twm)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

89 Civ. ( )

WELTOVER INC., SPRINGDALE ENTERPRISES, INC. and BANK CANTRADE, A.G.,

Plaintiffs,

—against—

REPUBLIC OF ARGENTINA and BANCO CENTRAL DE LA REPUBLICA ARGENTINA,

Defendants.

COMPLAINT

Plaintiffs, by their attorney Richard W. Cutler, complaining of the defendants allege as follows:

IDENTIFICATION OF PARTIES, JURISDICTION, VENUE

1. Plaintiff Weltover Inc. is a corporation duly organized and existing under the laws of Panama.

2. Plaintiff Springdale Enterprises, Inc. is a corporation duly organized and existing under the laws of Panama.

3. Plaintiff Bank Cantrade, A.G. is a bank corporation duly organized and existing under the laws of Switzerland.

4. Defendant Republic of Argentina is a foreign state as defined in 28 U.S.C. § 1603(a).

5. Defendant Banco Central de la Republica Argentina ("Banco Central") is a foreign corporation organized and

existing under the laws of the Republic of Argentina, is the Central Bank of Argentina, and is an agency or instrumentality of the Republic of Argentina as defined in 28 U.S.C. § 1603(b).

6. This court has original jurisdiction of this action pursuant to 28 U.S.C. § 1330 as

(a) this action is based upon the commercial activity of the defendants which is an exception to sovereign immunity pursuant to 28 U.S.C. § 1605(a)(2); and

(b) defendants have waived immunity explicitly or implicitly pursuant to 28 U.S.C. § 1605(a)(1).

7. Venue is proper in this district pursuant to 28 U.S.C. § 1391(b), (d), and (f).

FIRST CAUSE OF ACTION:
ON BEHALF OF WELTOVER INC.

8. For all periods relevant hereto, defendant Republic of Argentina has maintained consulates in various cities in the United States, including New York City, such consulates maintaining bank accounts protected by the laws of the States in which the accounts are kept and by the laws of United States.

9. Upon information and belief, defendant Banco Central for all periods relevant hereto, has carried on commercial activities in the United States and particularly in the Southern District of New York, regarding the transactions described below.

10. On or about November 26, 1982, defendant Banco Central acting for defendant Republic of Argentina executed, issued, and delivered (i) Promissory notes denominated in United States dollars and (ii) certain indentures denoted "Registered Bonds Denominated in United States Dollars ("Bonods") to various banks and corporations, including institutions located in the United States and institutions

located outside the United States the controlling affiliates of which are located in the United States.

11. The Promissory notes and Bonods were all issued pursuant to a series of decrees and acts of the defendants regarding the absorption of outstanding foreign commercial debt in Argentina.

12. Upon information and belief, defendants sought, negotiated with, and designated agents in New York City for the administration and payment of the promissory notes and the Bonods.

13. The designated agents paid to plaintiffs' accounts in New York City some of the interest payments due and owing pursuant to the provisions of the Bonods.

14. In 1985, Weltover Inc. acquired for value title by assignment to the following Bonods in their respective amounts, which Weltover Inc. still owns:

0202688	$ 50,000
0202689	50,000
0202690	50,000
0202691	50,000
0304491	100,000
0304492	100,000
0304493	100,000
0304494	100,000
0304495	100,000
0304496	100,000
0304509	100,000

15. Such purchases were made in good faith, Weltover Inc. had no knowledge of any adverse claims, and Weltover Inc. continues to hold such Bonods. Pursuant to the terms of the Bonods, Weltover Inc. gave notice of its respective purchases to Banco Central.

16. The Bonods provide in relevant part that principal payments be made on scheduled dates in 1986 and 1987 and bear interest at the annual prevailing London interbank market

rate for 180-day Eurodollar deposits, such payments be made to the holder's account in New York, London, Frankfurt or Zurich.

17. On or about May 23, 1986, defendants notified Weltover Inc. and, upon information and belief, all holders of the Bonods that payment would not be made on the Bonods when due, and defendants requested Weltover Inc. and, upon information and belief, the other holders of Bonods to participate in a "roll-over" of these obligations.

18. Weltover Inc. did not accept or agree to the "roll-over" or any other extension or variation in the terms of the Bonods.

19. Defendants have not paid, and Weltover Inc. has not received (i) any payments of principal and (ii) some payments of interest as required by the terms of the Bonods. Weltover Inc. has demanded such payment of principal and interest of the Bonods from and by the defendants, but defendants have not made any such payment of principal or interest of the Bonods held by Weltover Inc. to Weltover Inc.

20. Defendants are indebted to Weltover Inc. in the sum of $900,000.00 face amount of the Bonods plus interest, calculated pursuant to the provisions of the Bonods.

SECOND CAUSE OF ACTION:
ON BEHALF OF SPRINGDALE ENTERPRISES, INC.

21. Springdale Enterprises, Inc. repeats and realleges Sections 4 through 13, and Section 16 of the Complaint as if set forth in full herein.

22. In 1985, Springdale Enterprises, Inc. acquired for value title by assignment to the following Bonods in their respective amounts, which Springdale Enterprises, Inc. still owns:

0201510	$ 50,000
0201513	50,000
0305660	100,000

23. Such purchases were made in good faith, Springdale Enterprises, Inc. had no knowledge of any adverse claims, and Springdale Enterprises, Inc. continues to hold such Bonods. Pursuant to the terms of the Bonods, Springdale Enterprises, Inc. gave notice of its respective purchases to Banco Central.

24. On or about May 23, 1986, defendants notified Springdale Enterprises, Inc. and, upon information and belief, all holders of the Bonods that payment would not be made on the Bonods when due, and defendants requested Springdale Enterprises, Inc. and, upon information and belief, the other holders of Bonods to participate in a "roll-over" of these obligations.

25. Springdale Enterprises, Inc. did not accept or agree to the "roll-over" or any other extension or variation in the terms of the Bonods.

26. Defendants have not paid, and Springdale Enterprises, Inc. has not received (i) any payments of principal and (ii) some payments of interest as required by the terms of the Bonods. Springdale Enterprises, Inc. has demanded such payment of principal and interest of the Bonods from and by the defendants, but defendants have not made any such payment of principal or interest of the Bonods held by Springdale Enterprises, Inc. to Springdale Enterprises, Inc.

27. Defendants are indebted to Springdale Enterprises, Inc. in the sum of $200,000.00 face amount of the Bonods plus interest calculated pursuant to the provisions of the Bonods.

THIRD CAUSE OF ACTION:
ON BEHALF OF BANK CANTRADE, A.G.

28. Bank Cantrade, A.G. repeats and realleges Sections 4 through 13 and Section 16 of the Complaint as if set forth in full herein.

29. In 1983, Bank Cantrade, A.G. acquired for value title by assignment to the following Bonods in their respective amounts, which Springdale Enterprises, Inc. still owns:

0050533	$ 10,000
0050534	10,000
0050535	10,000
0301875	100,000
0301876	100,000

30. Such purchases were made in good faith, Bank Cantrade, A.G. had no knowledge of any adverse claims, and Bank Cantrade, A.G. continues to hold such Bonods. Pursuant to the terms of the Bonods, Bank Cantrade, A.G. gave notice of its respective purchases to Banco Central.

31. On or about May 23, 1986, defendants notified Bank Cantrade, A.G. and, upon information and belief, all holders of the Bonods that payment would not be made on the Bonods when due, and defendants requested Bank Cantrade, A.G. and, upon information and belief, the other holders of Bonods to participate in a "roll-over" of these obligations.

32. Bank Cantrade, A.G. did not accept or agree to the "roll-over" or any other extension or variation in the terms of the Bonods.

33. Defendants have not paid, and Bank Cantrade, A.G. has not received (i) any payments of principal and (ii) some payments of interest as required by the terms of the Bonods. Bank Cantrade, A.G. has demanded such payment of principal and interest of the Bonods from and by the defendants, but defendants have not made any such payment of principal or interest of the Bonods held by Bank Cantrade, A.G. to Bank Cantrade, A.G.

34. Defendants are indebted to Bank Cantrade, A.G. in the sum of $250,000.00 face amount of the Bonods plus interest calculated pursuant to the provisions of the Bonods.

WHEREFORE, plaintiffs demand judgment against the defendants as follows:

(a) As to the First Cause of Action, in favor of Weltover Inc. in the face amount of $900,000.00, plus

interest pursuant to the provisions of the Bonods, and all costs and disbursements of this action;

(b) As to the Second Cause of Action, in favor of Springdale Enterprises, Inc. in the face amount of $200,000.00 plus interest computed pursuant to the provisions of the Bonods, and all costs and disbursements of this action;

(c) As to the Third Cause of Action, in favor of Bank Cantrade, A.G. in the face amount of $250,000, plus interest computed pursuant to the provisions of the Bonods, and all costs and disbursements of this action; and

(d) Such other relief as this court deems appropriate, including pre-judgment interest.

Dated: New York, New York
October 11, 1989

/s/ _____

RICHARD W. CUTLER
Attorney for Defendants
342 Madison Avenue
New York, New York 10173
(212) 949-4676

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

89 Civ. 6926 (JES)

WELTOVER INC., SPRINGDALE ENTERPRISES, INC. and BANK CANTRADE, A.G.,

Plaintiffs,

—against—

REPUBLIC OF ARGENTINA and BANCO CENTRAL DE LA REPUBLICA ARGENTINA,

Defendants.

STATE OF NEW YORK)
:ss.
COUNTY OF NEW YORK)

AFFIDAVIT

Daniel Marx, being duly sworn, deposes and says:

1. I am the Argentine Financial Representative located in Washington, D.C. My main responsibilities are to represent the Argentine economic authorities abroad in their various relations with commercial banks, other private creditors, multilateral international organizations and foreign governments. I make this affidavit in support of the motion by the Republic of Argentina (the "Republic") and Banco Central to dismiss the Complaint in this action.

2. The instruments for which the plaintiffs seek payment in this action are Registered Bonds Denominated in United States Dollars ("Bonods"). The Bonods were issued by Banco Central in its capacity as financial agent for the

Republic. A true copy of a sample Bonod, enlarged for the convenience of the Court, is annexed hereto as Exhibit A. As explained below, payment of principal and interest on these instruments is not possible at this time and the Bonods have been rescheduled by Banco Central as a result of the Republic's severe shortage of foreign exchange and overall economic crisis.

3. The Bonods were issued in 1982 as part of the Republic's foreign exchange insurance contract program ("FEIC"). The FEIC was created by Banco Central during a period of severe devaluation of the Argentine currency in connection with its responsibilities of regulating the Republic's foreign exchange reserves. Annexed hereto as Exhibit D is a true copy of Banco Central Communication "A" 31, the implementing legislation for the FEIC, which is referenced on each Bonod. Also annexed, as Exhibit E, are true copies of Communications "A" 54, "A" 61, and "A" 76, issued by Banco Central to provide further details as the program was expanded.

4. An understanding of the FEIC requires some understanding of foreign exchange and the critical role it plays in the economies of nations like Argentina. When individuals or businesses in the United States seek to make purchases overseas for import to this country, they can make payment in their own currency because the U.S. dollar is accepted in the international marketplace as a medium of exchange. As with most other countries, that is not true in Argentina, however, because Argentine currency[1] is not considered an international currency. Thus, in order for Argentine entities or individuals to acquire products or services from other countries, they must obtain needed dollars or other acceptable currency. This generally is accomplished through one of several ways:

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1 Prior to 1985, Argentina's currency was based on the peso. Today, Argentina's currency is known as the austral.

(1) Earnings from Argentine exports.—By selling goods on the international market, dollars or other currencies can be obtained.

(2) Loans from international organizations.—These include the IMF, World Bank and Inter-American Development Bank.

(3) Loans from other governments.—This includes direct loans and private sector loans guaranteed by governments.

(4) Loans from commercial banks.

(5) Loans or credits from non-banks.

5. Because of the central importance of foreign exchange to a nation's economic policy and development, and the need to ensure the availability of adequate foreign exchange to fulfill sovereign obligations, inflows and outflows of foreign exchange in nearly all countries are carefully controlled and subject to numerous regulations. This is true of Argentina, where detailed regulations reflecting the country's economic policies govern foreign exchange transactions. Banco Central, as the Central Bank of the Republic, serves as an advisor to the Ministry of Economy and executes the economic and foreign exchange policies promulgated by the national government in this area. A true copy of Banco Central's Charter is annexed hereto as Exhibit F.

6. The severe economic crisis that currently plagues Argentina relates back to the late 1970s when, like a large number of sovereigns that had limited internal capital markets, Argentina obtained funds from external sources in order to improve its economy. The private sector as well as the public sector borrowed heavily from abroad. A large inflow of foreign funds, triggered in part by local interest rates higher in real terms than those abroad, ultimately overvalued the local currency. The results of these forces were disastrous and are well known. Argentina's foreign debt grew enormously; nonproductive imports increased massively; local production and exports were discouraged; and capital flight reached unheard

of proportions without a corresponding reduction of private sector debt. As explained in Banco Central's Annual Reports, capital flight amounted to nearly $10 billion for 1980 and the first quarter of 1981. At the same time, foreign debt increased by 88%. True copies of excerpts of the 1981 and 1983 Banco Central Annual Reports are annexed hereto as Exhibits G and M.

7. In order to deal with this economic crisis, the Argentine government took a number of related steps. One of these steps involved very significant and repeated devaluations of the local currency. In February 1981, Banco Central adjusted the official foreign exchange rate by a factor of 10%, and placed stringent limits on the amount of funds that could be converted at one time by any individual. In March, 1981 it instituted a program by which it could fix new foreign exchange rates daily. In June, 1981 Banco Central adjusted the official exchange rate by 30%. As one method of dealing with the devastating effect of this unprecedented devaluation of Argentina's currency, the government instituted the FEIC.

8. Under the FEIC, Banco Central created foreign exchange insurance contracts with Argentine borrowers who were obligated to repay contracts with foreign creditors in dollars. By paying on maturity a defined amount of local currency to Banco Central,[2] participants would receive the necessary dollars to repay their foreign debt when it matured. The FEIC thus ensured that sufficient foreign exchange would be available, thereby enabling the private sector to obtain foreign financing that was critical to avoiding a bankruptcy crisis within the Argentine economy. The program also assisted foreign creditors, because it removed the exchange rate risk which otherwise could seriously affect a debtor's ability to repay its obligations. A key feature of the FEIC was that the basic credit risk remained with the lender—in order for Banco Central to deliver the necessary foreign exchange, the insured debtors had to pay the contractually required amount of local currency.

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2 The required amount of local currency was based on the exchange rate at the time the contract was entered into with some adjustments.

9. The exchange insurance contracts issued under the FEIC began to mature in late 1982. By that time Argentina's economy had deteriorated further and the local currency had been subject to massive devaluations. In addition, the Republic engaged in a war in the Spring of 1982 related to the Malvinas. The result of these conditions was that the government's foreign exchange reserves were insufficient to meet its obligations under the program. Unable to deliver the dollars necessary to retire the Argentine debtors' original loans, the government issued two new types of instruments to refinance them. The first were the Bonods. The second were promissory notes, which were offered as an alternative to financial institutions and the terms of which were extensively negotiated. A total of approximately $1.2 billion in Bonods were issued in connection with the exchange insurance contracts that matured in 1982-83, and approximately $2.6 in promissory notes. Additional exchange contracts matured in 1984-85 and were refinanced for longer periods of time.

10. The terms of the Bonods were not negotiated. Rather, they were determined by the Argentine government on the basis of the prevailing circumstances and announced in a series of Decrees that are referenced on the Bonods themselves. True copies of Decrees 1334 and 1603 are annexed hereto as Exhibits B and C. Foreign creditors were given the option to maintain their relationship with the original Argentine debtors, with Bonods given in guarantee, or to accept Bonods or promissory notes as payment of the original debt. Implementation instructions for the Bonods, as well as further details regarding their terms, were set out in a series of Banco Central Communications. True copies of Communications "A" 251, "A" 278, and "A" 272 are annexed hereto as Exhibit H.

11. Among their terms, the Bonods provide for payment of principal and interest in United States Dollars, subject to a number of conditions. These conditions include, *inter alia*, restrictions on transfer and proper notice of transfer to Banco Central. Interest rates are linked to the London Interbank rate for Eurodollar deposits, and payment may be made

through transfer on the Frankfurt, London, Zurich or New York market. The Bonods announce on their face that they were to be applied only to external debt that was subject to Argentina's foreign exchange insurance program.

12. The Bonods began to mature on May 26, 1986. Because the foreign debt crisis in Argentina continued, the government was forced to continue a public-sector refinancing program in order to implement an ordered system of allocating scarce foreign exchange. In continuing cooperation with other sovereigns and with international organizations such as the International Monetary Fund, the Republic determined that adjustment of capital maturity dates was necessary.[3] A diplomatic note describing this decision was sent to the Secretary of the U.S. Treasury, James A. Baker, III, as part of the ongoing consultations between the two nations over this issue of mutual concern.

13. As set forth in Presidential Decree No. 772, the Minister of Economy was empowered to direct Banco Central to establish alternative mechanisms to handle maturities of the instruments issued in connection with the FEIC. A true copy of Decree 772 is annexed hereto as Exhibit I. Pursuant to those instructions, Banco Central was instructed to extend the capital maturity dates of the Bonods. A true copy of the Ministry of Economy Resolution dated May 23, 1986 is annexed hereto as Exhibit J. Banco Central, in turn, acting as financial agent of the Republic, announced a rollover of principal installments subject to an adjustment of interest rates. A true copy of Banco Central's telex to the world banking community is annexed hereto as Exhibit K.

14. A subsequent rescheduling was implemented as part of the Republic's 1987 Financing Plan. Included in this restruc-

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3 Argentina had been involved in a series of refinancing programs since 1982. These programs also included new money loans from official agencies as well as from commercial banks as described below. Under the 1984-85 program, commercial banks refinanced various principal maturities and lent $4.2 billion in new money. Under the 1987 program all existing public sector external debt was refinanced over a 19 year period (including 7 years of grace), and $1.95 billion in new commercial bank loans were made.

turing are new commercial bank loans to the Republic; restructuring of approximately $30 billion in existing public and private debt; agreements concerning trade and money market lines to Argentine entities; a debt-to-equity conversion program which allows for conversion of Argentine public debt into equity investments in Argentina; new loans from the IMF and World Bank; and the rescheduling of debts accrued to other governments. Attached hereto as Exhibit L is a true copy of the Argentine Republic's 1987 Financing Plan. Pursuant to this plan and the persistent circumstances that called for the implementation of the rescheduling, foreign exchange controls today are in place which preclude the payments plaintiffs ask the Court to compel. Annexed hereto as Exhibit N is a true copy of Presidential Decree 1379.

/s/ DANIEL MARX
Daniel Marx

SWORN TO BEFORE ME THIS
4TH DAY OF APRIL, 1990

/s/ STEPHEN C. STECKEL
Notary Public
STEPHEN C. STECKEL
NOTARY PUBLIC,
STATE OF NEW YORK
NO. [ILLEGIBLE]
Qualified in Kings County
Commission Expires August [#], 1991

U$S 100.000

REPUBLICA ARGENTINA

[SEAL]

0301330

BONOS NOMINATIVOS
EN
DOLARES ESTADOUNIDENSES

1ª serie

Spanish Text

This Bond is issued to the order of BANCO NACION ARGENTINA BS. AS. (FONDOS CIRC. 1165 RC901 BCRA) in SETTLEMENT of a debt of ACINDAR IND. ARGENTINA DE ACEROS.

It is issued by Banco Central de la Republica Argentina in its capacity as Financial Agent for the State on behalf of which it shall proceed to pay financial services hereon exclusively to the registered holder hereof in whose favor this Bond is issued, regardless of the capacity in which it was delivered to him.

According to the terms set forth in Article 3, paragraph b) of Decree 1334/82, the nominal value of this Bond is fixed as per the following table:

JA 20

May 26th,	**1983**	**U.S.$**	**100,000**
November 26th,	**1983**	**U.S.$**	**100,000**
May 26th,	**1984**	**U.S.$**	**100,000**
November 26th,	**1984**	**U.S.$**	**100,000**
May 26th,	**1985**	**U.S.$**	**100,000**
November 26th,	**1985**	**U.S.$**	**100,000**
May 26th,	**1986**	**U.S.$**	**75,000**
November 26th,	**1986**	**U.S.$**	**50,000**
May 26th,	**1987**	**U.S.$**	**25,000**

The last amount shall be payable starting from November 26th, 1987.

Buenos Aires, November 26th, 1982.

[signature]
PRESIDENTE

[signature]
GERENTE
FINANZAS PUBLICAS

[signature]
GERENTE GENERAL

100.000

FECHA DATE	CESION A NOMBRE DE ASSIGNMENT IN FAVOR OF	DOMICILIO ADDRESS	BANCO DONDE EFECTUAR LA TRANSFERENCIA BANK TO WHICH TRANSFER SHALL BE MADE	CUENTA CORRIENTE Nº. CURRENT ACCOUNT No.	FIRMAS SIGNATURES
		[Handwritten	notations]		

NOTA: Estas cesiones deberan efectuarse con arreglo a las previsiones contempladas en las Communicaciones "A" 272 y "A" 278 del Banco Central de la Republica Argentina, del 11 y 26 de enero de 1983.

NOTE: These assignments shall be effected in accordance with provisions in Communiques A 272 and A 278 of Banco Central de la Republica Argentina dated January 11th and 26th, 1983.

REGISTERED BONDS DENOMINATED IN UNITED STATES DOLLARS

Buenos Aires, November 26th, 1982

WHEREAS the maturity date of the external obligations subject to exchange insurance taken in accordance with the systems published through the Communique "A" 31 dated June 5th, 1981, of BANCO CENTRAL DE LA REPUBLICA ARGENTINA and the possibility that the debtors and creditors of said commitments may have failed to reach an agreement to renew them, and the power granted by Article 33 of Law No. 11.672, text substituted by Decree-Law No. 16.911/66, to the National Executive Power to issue bonds.

THE PRESIDENT OF THE ARGENTINE NATION DECREES:

ARTICLE 1—BANCO CENTRAL DE LA REPUBLICA ARGENTINA, in its capacity as Financial Agent for the National Government shall proceed to issue foreign public debt bonds, in one or several series, referred to as "REGISTERED BONDS DENOMINATED IN UNITED STATES DOLLARS", denominated in dollars of the UNITED STATES OF AMERICA, at a floating interest rate, for a term of FIVE (5) years and for the amount required to meet the operations referred to in Article 2 below.

ARTICLE 2—The bonds shall be applied to the settlement of the foreign obligations of debtors who have made exchange insurance agreements with BANCO CENTRAL DE LA REPUBLICA ARGENTINA, under the system of its Communiques "A" 31 dated June 5th, 1981, "A" 54 dated August 14th, 1981, "A" 61 dated September 24th, 1981, and "A" 76 dated November 30th, 1981.

ARTICLE 3—The bonds shall have the following characteristics:

a) Interest: It shall be payable semi-annually in arrears. The first maturity shall take place SIX (6) months

after the issue date. The annual interest rate on bonds shall be equal to the annual interest rate prevailing in the London interbank market for ONE HUNDRED AND EIGHTY (180) days, Eurodollar deposits. Said rate shall be fixed by BANCO CENTRAL DE LA REPUBLICA ARGENTINA on the basis of the average resulting from the rates reported by the correspondent banks in said market, at the closing of the operations on the business day prior to the beginning of each interest period. BANCO CENTRAL DE LA REPUBLICA ARGENTINA may fix, at the time of ordering the issuance of each series, an additional rate that shall be added to the rate referred to in above paragraph.

b) Repayment: It shall be effected on each bond in FOUR (4) semi-annual and successive installments of TWENTY-FIVE PERCENT (25%) each, the first installment to mature after a term of not less than FORTY-TWO MONTHS (42) from the issue date.

c) Ownership and marketability: The bonds shall be issued as registered securities, in favour of the foreign creditors whose credits are repaid under the provisions of Article 2 above.

Their transfer shall be informed by the transferor, identifying the name and address of the transferee and the number of each certificate transferred.

The bonds shall not be transferred, for any reason whatsoever, to persons domiciled or resident in the Republic of Argentina.

The bonds shall not be publicly offered within the territory of the Republic of Argentina—with the exception of the offer made by the issuer at the time of the first placement—nor subject to operations involving person resident or domiciled in the country. For the purposes of provisions of this subsection, public offer is construed as provided in Article 16 of Law No. 17.811.

BANCO CENTRAL DE LA REPUBLICA ARGENTINA and the SECURITIES COMMISSION, in the areas of their pertinent jurisdictions, shall control the compliance with the provisions of the paragraph immediately above.

d) Financial Services: They shall be paid by BANCO CENTRAL DE LA REPUBLICA ARGENTINA in United States Dollars through transfer on the New York, Frankfurt, London or Zurich markets, at the option of the bondholder, to the credit of the account opened to his name, which he shall specify at the time of subscription or on the occasion provided in the second paragraph of subsection c) of this article, 30 days before the time of each service.

BANCO CENTRAL DE LA REPUBLICA ARGENTINA is hereby empowered to appoint paying agents to meet bond services.

e) Placement and Price: In the manner, under the conditions and at the intervals to be determined by BANCO CENTRAL DE LA REPUBLICA ARGENTINA.

f) Advance Redemption: The SECRETARIAT of the TREASURY is hereby empowered to order the advance redemption of all or part of the bonds to be issued, for the value of the unpaid capital plus accrued interest.

g) Tax Exemptions: The services shall be paid without any deduction whatsoever for any present of future liens, taxes or duties, in force in Argentina.

h) Nominal Value of Certificates: They shall be printed for a nominal value of not less than FIVE THOUSAND UNITED STATES DOLLARS (US$ 5,000).

BIGNONE
DECREE NO. 1334/82 JORGE WEHBE

Buenos Aires, December 21th, 1982

WHEREAS provisions of Decrees No. 1334 dated November 26th, 1982, No. 1336 dated November 26th, 1982 and Communique "A" 251 dated November 17th, 1982 of Banco Central de la Republica Argentina

THE PRESIDENT OF THE ARGENTINE NATION DECREES:

ARTICLE 1—Registered Bonds denominated in United States Dollars and Public Debt Securities provided for in Decrees Nos. 1334 and 1336 respectively, both dated November 26th, 1982, besides being applied to the settlement of foreign debts described under Article 2 of both decrees, may be also delivered by Banco Central de la Republica Argentina to creditors as guaranty for the performance of the debtor's obligations refinanced by the parties to the loan agreement.

ARTICLE 2—Banco Central de la Republica Argentina may agree and resolve as to how to evidence that Public Debt Bonds or Securities, Decrees Nos. 1334 and 1336 dated November 26th, 1982 respectively, are delivered as guaranty. Banco Central de la Republica Argentina to the extent its own property is not affected, and acting in its capacity as Financial Agent for account and order of the National State, may also provide for other mechanisms to guarantee the performance of obligations of debtors who paid the exchange insurance amount in pesos.

ARTICLE 3—Banco Central de la Republica Argentina is hereby entitled to deliver to local financial institutions who are creditors of obligations described in Articles No. 2 both of Decree No. 1334 and Decree No. 1336 dated November 26th, 1982, Public Debt Bonds or Securities contemplated therein. Such delivery shall be made, as the case may be, in settlement or in guaranty for the performance of above obligations. In such events, the local financial institutions shall

not assign, transfer or endorse such bonds or obligations in the country; however, such institution is authorized to give them to its creditors abroad in payment, assignment or guaranty.

DECREE NO. 1603/82 — BIGNONE
JORGE WEHBE

Buenos Aires, January 24th, 1983

WHEREAS the provisions of National Executive Power Decrees 1334/82, 1335/82 and 1336/82, the report submitted in File No. 101,409/82 and the advice given by the General Management:

THE PRESIDENT OF BANCO CENTRAL DE LA REPUBLICA ARGENTINA RESOLVES:

3. The "REGISTERED BONDS DENOMINATED IN UNITED STATES DOLLARS"—First Series, is hereby issued on November 26th, 1982 according to the characteristics set forth in Decree No. 1334 dated November 26th, 1982 in the amount of TWO BILLION UNITED STATES DOLLARS NOMINAL VALUE (US$ 2,000,000,000 nominal value), to be distributed in sheets in denominations of US$ %<))): US$ 10,000; US$ 25,000; US$ 50,000 and US$ 100,000.

6. To the purposes established in Decree No. 1334/82, Article 3, paragraph a) ("REGISTERED BONDS DENOMINATED IN UNITED STATES DOLLARS"), and in Decree No. 1336/82, Article 3, paragraph b) (United States Dollars obligations of the National Government), an additional rate mentioned in above paragraphs of two points is set in excess of the interest rate p.a. to be established for the appropriate issues at commencement of each interest period.

RESOLUTION No. 46 — JULIO GONZALEZ DEL SOLAR

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

AFFIDAVIT OF ACCURACY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

This is to certify that the attached translation no. 728 (pages 1-9) is an accurate, true and complete rendition from Spanish into English of Decrees 1334, 1335, 1336, 1339, 1341 pertaining to Banco Central de la Republica Argentina to the best of my knowledge and belief.

RENNERT BILINGUAL TRANSLATIONS

/s/ OLGA GARDNER
By Olga Gardner
Assistant Director, Translations

SWORN TO AND
SUBSCRIBED BEFORE ME
THIS 4TH DAY OF APRIL, 1990

/s/ BRUCE J. LEVINE
BRUCE J. LEVINE
NOTARY PUBLIC,
STATE OF NEW YORK
NO. 24-4248203
Qualified in Kings County
Commission Expires Jan. 27, 1991

DECREE 1334

Public Debt—Registered bonds in United States dollars—Authorization of their issuance to cancel foreign obligations of debtors who contract exchange insurance under the system of communications A 31/81, A 54/81, A 61/81 and A76/81 (B.C.)

Date: November 26, 1982
Publication: Official Gazette 12/3/82

Legal citations: communication A 31/81 (B.C.): XLI-B, 2065; communication A 54/81 (B.C.): XLI-C, 3312; communication A 61/81 (B.C.): XLI-D, 4603; communication A 76/81 (B.C.): XLI-D, 4616; law 17.811: XXVIII-B, 1979.

Art. 1—The Central Bank of the Argentine Republic, in its capacity as financial agent of the national government, shall issue foreign public debt securities, in one or several series, entitled "Registered Bonds in United States Dollars," in United States dollars, with a variable rate of interest, at a term of five (5) years and for the amount necessary to handle the transactions referred to in art. 2 hereof.

Art. 2—The securities shall be for the purpose of cancelling the foreign obligations of those debtors who may have contracted exchange insurance with the Central Bank of the Argentine Republic, under the system of its communications A 31 of June 5, 1981, A 54 of August 14, 1981, A 61 of September 24, 1981 and A 76 of November 30, 1981.

Art. 3—The securities shall conform to the following characteristics:

a) Yield: This is paid semi-annually per periods matured. The first maturity shall occur six (6) months after the issuance date.

The annual rate of interest that the securities will earn shall be equal to the annual rate in effect for Eurodollar deposits at one hundred eighty (180) days on the London interbank market. Said rate shall be established by the Central Bank of the Argentine Republic based on the average of the rates

reported by correspondent banks on that market at the close of transactions on the working day prior to the day on which each yield period begins.

At the time each series is issued, the Central Bank of Argentina may establish a surcharge to be added to the rate indicated in the preceding paragraph.

b) Amortization: This shall be done on each security in four (4) semi-annual and successive instalments of twenty-five percent (25%) each, the first falling due no later than forty-two months (42) after the date of issuance.

c) Title and marketability: They shall be issued as registered in the name of the foreign creditors whose credits are cancelled pursuant to art. 2 hereof.

Their transferal must be reported by the transferor, identifying the name and domicile of the recipient and the number of each certificate transferred. They may not be transferred, for any reason, to persons domiciled or residing within the Argentine Republic.

The securities may not be the subject of a public offering within the territory of the Argentine Republic—except for the offering made by the issuer at the time of the initial placement—nor the subject of transactions involving persons residing or domiciled within the country. For the purposes stipulated in this paragraph, a public offering shall be considered to be that provided in art. 16 of Law 17.811.

The Central Bank of the Argentine Republic and the Securities Commission, within the scope of their respective jurisdictions, shall see to it that the provision of the preceding paragraph is observed.

d) Financial services: These shall be paid for by the Central Bank of the Argentine Republic in United States dollars by transferal on the New York, Frankfurt, London or Zurich markets at the holder's option for credit into the account open in its name, which it will individualize at the time of

subscription or at the time provided in section 2 of paragraph c) of this article, 30 days prior to the date of each service.

The Central Bank of the Argentine Republic shall be empowered to appoint paying agents to handle the security services.

e) Placement and price: In the forms, under the conditions and with the frequency determined by the Central Bank of the Argentine Republic.

f) Early redemption: The Secretariat of the Treasury shall be empowered to order the early redemption of all or part of the securities issued, for the value of the principal owed plus interest accrued.

g) Tax exemptions: The services shall be paid for without making any deduction due to assessments, taxes or rates, present or future, in effect within the Republic.

h) Face value of the certificates: They shall be printed for a face value of no less than five thousand United States dollars (US$ 5,000).

i) Printing of the certificates: Through the Mint of the Nation or by contracting with private companies, which may be more suitable to the needs of issuance, the securities shall be printed and issued according to the numbering indicated by the Central Bank of the Argentine Republic and the respective numerical registers shall also be made up.

Similarly, unnumbered certificates shall be printed in the quantities and at the times that the aforesaid Bank indicates, for the purpose of replacing lost or unusable securities.

While the certificates are being printed, the Central Bank of the Argentine Republic may issue evidences representing the securities, which shall be exchanged in due time for the definitive securities.

Art. 4—The Central Bank of the Argentine Republic shall inform the General Accounting Office of the Nation of the

numbering, amount, term and other financial characteristics of the securities it issues.

Art. 5—The Central Bank of the Argentine Republic shall agree with the Secretariat of the Treasury on the latter's accounts to be debited to handle the financial services and costs engendered by issuance of the securities.

Art. 6—The Central Bank of the Argentine Republic shall collect a commission of one tenth percent (0.1%) on the securities amount invested.

Art. 7—The General Accounting Office of the Nation shall conduct the audit in accordance with its jurisdiction.

Art. 8—Communicate, etc.—Bignone—Wehbe.

* * * *

DECREE 1336

Public debt—Authorization for the Central Bank of the Argentine Republic to issue registered securities in United States dollars for the purpose of cancelling the foreign obligations of debtors contracting exchange insurance under the system of communications A 31/81, A 54/81, A 51/81 and A 76/81 (B.C.).

Date: November 26, 1982
Publication: Official Gazette 12/3/82

Legal citations: communication A 31/81 (B.C.): XLI-C, 2065; communication A 61/81 (B.C.): XLI-D, 1603; communication A 76/81 (B.C.): XLI-D, 4616; law 17.811: XXXVIII-B, 1979, law 16.432, XXI-A, 282; law 20.548: XXXIII-D, 3657; communication A 54/81 (B.C.); XLI-C, 3312.

Art. 1—The Central Bank of the Argentine Republic, in its capacity as financial agent of the national government, shall be empowered to issue foreign public debt securities, registered in United States dollars, for the amount necessary to handle the transactions referred to in art. 2 hereof.

Art. 2—The securities shall be for the purpose of cancelling the foreign obligations of those debtors who may have contracted exchange insurance with the Central Bank of the Argentine Republic under the system of its communications A 31 of June 5, 1981; A 54 of August 14, 1981, A 61 of September 24, 1981 and A 76 of November 30 of 1981.

Art. 3—The securities to be issued shall conform to the following characteristics.

a) Amortization: This shall be done is four (4) semi-annually instalments of twenty-five percent (25%) each, the first maturing no later than at thirty-six (36) months from the issuance date of each security. In the event that they are applied to cancel exchange insurance after September 30, 1983, the Central Bank of the Argentine Republic is empowered to establish other conditions of amortization.

b) Yield: This shall be paid semi-annually per periods matured. The first maturity shall occur at six (6) months from the issuance date. The annual rate of interest that the securities will yield shall be equal to the annual rate in effect for Eurodollar deposits at one hundred eighty (180) days on the London interbank market.

Said date shall be established by the Central Bank of the Argentine Republic based on the average of the rates reported by its correspondent banks on that market at the close of transactions on the working day prior to the day on which each yield period begins.

The Central Bank of the Argentine Republic shall be empowered, at the time each security is issued, to set a surcharge to be added to the rate established in the immediately preceding paragraph.

c) Title and marketability: They shall be issued in the name of the foreign creditors whose credits are cancelled in accordance with art. 2 hereof.

They may be transferred only to financial entities domiciled abroad.

Their transferal must be reported by the transferor, identifying the name and domicile of the recipient.

They may not be transferred, for any reason, to persons domiciled or residing within the Argentine Republic.

The securities may not be the subject of a public offering within the territory of the Argentine Republic—except for the offering made by the issuer at the time of the initial placement—nor the subject of transactions involving persons residing or domiciled within the country. For the purposes stipulated in this paragraph, a public offering shall be considered to be that provided in art. 16 of law 17.811.

The Central Bank of the Argentine Republic and the Securities Commission, within the scope of their respective jurisdictions, shall see to it that the provision of the preceding paragraph is observed.

d) Financial services: These shall be for by the Central Bank of the Argentine Republic in United States dollars by transferal for credit into the account that the recipient shall individualize at the time of subscription or at the time provided in section 2 of paragraph c) of this article, 30 days prior to the date of each service.

The Central Bank of the Argentine Republic shall be empowered to appoint paying agents to handle the security services.

e) Placement and price: In the forms, under the conditions and with the frequency determined by the Central Bank of the Argentine Republic.

g) Tax exemptions: The services shall be paid for without making any deduction due to assessments, taxes or rates, present or future, in effect within the Republic.

g) Jurisdiction: The Central Bank of the Argentine Republic shall be empowered to grant the extension of jurisdiction in accordance with art. 48 of law 16.432, amended by art. 7 of law 20.548, in favor, exclusively and in joint or indistinct

fashion, to the Courts of London, New York, Tokyo or Frankfurt.

Art. 4—The Central Bank of the Argentine Republic shall inform the Office of the Treasury and the General Accounting Office of the Nation of the numbering, amount, term and other financial characteristics of the securities that it issues.

Art. 5—The Central Bank of the Argentine Republic shall agree with the Secretariat of the Treasury on the accounts of the latter to be debited to handle the financial services and costs engendered by the issuance of the securities.

Art. 6—The Central Bank of the Argentine Republic shall receive a commission of one tenth percent (0.01%) on the securities amount invested.

Art. 7—The General Accounting Office of the Nation shall conduct the audit in accordance with its jurisdiction.

Art. 8—Communicate, etc.—Bignone—Wehbe.

* * * *

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

AFFIDAVIT OF ACCURACY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

This is to certify that the attached translation no. S165E/1 is an accurate, true and complete rendition from Spanish into English of Decree 1603 (page 040005) to the best of my knowledge and belief.

RENNERT BILINGUAL TRANSLATIONS

/s/ OLGA GARDNER
By Olga Gardner
Assistant Director, Translations

SWORN TO AND
SUBSCRIBED BEFORE ME
THIS 4TH DAY OF APRIL, 1990

/s/ BRUCE J. LEVINE
BRUCE J. LEVINE
NOTARY PUBLIC,
STATE OF NEW YORK
NO. 24-4248203
Qualified in Kings County
Commission Expires Jan. 27, 1991

DECREE 1603

Public debt—Registered bonds in United States dollars meant to cancel foreign obligations of debtors who contracted foreign exchange insurance stipulated in decrees 1334/82 and 1336/82—Possibility of delivering them in quarantee or cancellation to local financial entities which are creditors of the obligations.

Date: December 21, 1982
Publication: Official Gazette 12/24/82

Legal citations: D. 1334/82: XLII-D, 3809; D. 1336/82: XLII-D, 3812.

Art. 1.—Registered bonds in United States dollars and the public debt securities considered in decrees 1334 and 1336, respectively, both dated November 27, 1982, in addition to being intended to cancel the foreign obligations described in Art. 2 of both decrees, may also be delivered by the Central Bank of the Argentine Republic to creditors to guarantee performance of the debtor obligations refinanced by the parties to the mutual contract.

Art. 2.—The Central Bank of the Argentine Republic may arrange and determine the form in which it shall verify the circumstances in which the bonds or public debt securities—decrees 1334 and 1336 of November 26, 1982 respectively—are delivered in guarantee. The Central Bank of the Argentine Republic, insofar as it does not allocate its own assets and acts as Financial Agent on behalf of the National State, may also provide other mechanisms to guarantee the performance of the obligations of the debtors who have paid, in pesos, the amount corresponding to the foreign exchange insurance.

Art. 3.—The Central Bank of the Argentine Republic is authorized to deliver to local financial entities which are creditors of the obligations described in Arts. 3 of Decrees 1334 and 1336 of November 26, 1982 the bonds or public debt securities considered therein. Such surrender shall be done, as appropriate, to cancel or to guarantee performance of the

aforementioned obligations. In such cases, the local financial entity may not give, assign or endorse the bonds or securities inside the country; in exchange, it is authorized to give them in payment, assignment or guarantee to their creditors abroad.

Art. 4.—The peso amounts that the Central Bank of the Argentine Republic obtains from those debtors abroad that have contracted foreign exchange insurance with this institution, by cancellation thereof, shall be allocated to diminish the obligations of the National Government vis-a-vis the Central Bank of the Argentine Republic.

Art. 5.—Let it be communicated, etc.—Bignone—Wehbe.

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

AFFIDAVIT OF ACCURACY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

This is to certify that the attached translation no. S03090-140E is an accurate, true and complete rendition from Spanish into English of Communication "A" 31 of 6/5/81 and Communication "A" 251 of 11/17/82 to the best of my knowledge and belief.

RENNERT BILINGUAL TRANSLATIONS

/s/ MIKAEL E. POULSEN
By Mikael E. Poulsen
Director

SWORN TO AND
SUBSCRIBED BEFORE ME
THIS 14TH DAY OF MARCH, 1990

/s/ BRUCE J. LEVINE
BRUCE J. LEVINE
NOTARY PUBLIC,
STATE OF NEW YORK
NO. 24-4248203
Qualified in Kings County
Commission Expires Jan. 27, 1991

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

CENTRAL BANK OF THE ARGENTINE REPUBLIC

COMMUNICATION "A" 31 6/5/81

TO FINANCIAL ENTITIES AUTHORIZED TO TRADE IN FOREIGN EXCHANGE AND FOREIGN-EXCHANGE BROKERS:

Ref.: Circular EXCHANGE OPERATIONS AND MOVEMENT OF FUNDS AND SECURITIES INTO AND OUT OF THE COUNTRY—CAMEX-1-2

We are contacting you and, through you, all interested parties, to inform you that, in accordance with the economic policy guidelines announced by the authorities, this Bank has resolved to implement foreign-exchange insurance—in U.S. dollars—to cover financial loans in foreign currency of the private sector, which are contracted or renewed as of today, under the conditions specified and with terms of under 540 days, taking the date of the first amortization payment for this purpose.

1. *New Loans*

The intervening entities authorized to trade in foreign exchange shall negotiate for cash the amount in foreign currency that the borrowers take in, transferring the currencies to the Central Bank at the same exchange rate. Simultaneously, they may contract foreign-exchange insurance with this Institution for the same amount.

2. *Renewals*

This standard also applies to loans received and traded in the foreign-exchange market which, by successive extensions, mature or have matured as of 6/1/81.

Exclusively upon maturity of the obligation, established originally or derived from renewals declared in timely fashion

and form per the applicable standards (foreign-exchange declarations and ongoing survey of obligations vis-a-vis foreign parties), they may contract, with this Bank, the respective foreign-exchange insurance for the renewal amount.

3. *Terms of Foreign-Exchange Insurance*

These terms shall be contracted pursuant to the established amortization dates, and may not be less than 540 days.

Transactions with terms longer than two years shall be considered by this Bank on a case-by-case basis.

4. *Rate of Foreign-Exchange Insurance*

For the first 180 days, a fixed rate shall be applied over the seller exchange rate that this Bank communicates for such purpose each day when the market opens, and for the remaining period the rate resulting from the variation of the wholesale prices, general level, deducting international inflation, shall be applied.

Interest shall be paid at the end of each six-month period.

5. *Operating System*

Transactions shall be contracted directly with this Bank through the foreign-exchange switchboard.

6. *Information and Survey System*

Foreign-exchange transactions with clients must be declared on form 4001A (cash purchase), 4002A (credit sale) and 4004B (liquidation) stating in all cases, in the appropriate space, the phrase "COMMUNICATION "A" 31."

On new loans, forms 4001A and 4002A must absolutely contain the number of form 3191 submitted in compliance with the standards on survey of obligations vis-a-vis foreign parties, which will be returned, attached to 4004B, upon liquidation of the transactions.

Renewals must comply with the information system provided for financial loans, reporting on the declaration forms the number assigned to the new form 3191 modifying the pre-

vious one, which will be added to form 400B at the time of liquidation.

The balancing entries with the Central Bank shall be reported on form 116, in duplicate, separately from the other transactions between entities or with this Institution.

7. *Intervening Authorized Entities*

The transactions referred to in these provisions may only be conducted through the entities authorized to trade in foreign exchange, which are approved, pursuant to current standards, to conduct credit transactions.

Sincerely,

CENTRAL BANK OF THE ARGENTINE REPUBLIC

[signature]

Antonio E. Conde
Manager, Foreign
and Foreign Exchange

[signature]

Evaristo H. Evangelista
Asst. General Manager

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

AFFIDAVIT OF ACCURACY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

This is to certify that the attached translation no. S165E1/2 is an accurate, true and complete rendition from Spanish into English of COMMUNICATION "A" 54 pertaining to Banco Central de la Republica Argentina to the best of my knowledge and belief.

RENNERT BILINGUAL TRANSLATIONS

/s/ OLGA GARDNER
By Olga Gardner
Assistant Director, Translations

SWORN TO AND
SUBSCRIBED BEFORE ME
THIS 4 DAY OF APRIL, 1990

/s/ BRUCE J. LEVINE
BRUCE J. LEVINE
NOTARY PUBLIC,
STATE OF NEW YORK
NO. 24-4248203
Qualified in Kings County
Commission Expires Jan. 27, 1991

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

CENTRAL BANK OF THE ARGENTINE REPUBLIC

COMMUNICATION "A" 54 8/14/81

TO FINANCIAL ENTITIES AUTHORIZED TO TRADE IN FOREIGN EXCHANGE AND FOREIGN-EXCHANGE BROKERS:

Ref.: Circular EXCHANGE OPERATIONS AND MOVEMENT OF FUNDS AND SECURITIES INTO AND OUT OF THE COUNTRY—CAMEX-1-9

We are contacting you and, through you, the interested sectors, to inform you that, with reference to the provisions covering foreign exchange insurance publicized by Communications "A" Nos. 31-35-36 and 44, CAMEX Circulars 1-2; 1-4; 1-5 and 1-8, that this Bank has resolved to consider, effective today, petitions in connection with the early application of said standards to maturities of financial loans in foreign currency, received and traded on the exchange market prior to 6/22/81, which take effect within 180 days following submittal of said petitions.

When submitting requests on forms 4008A, sufficiently in advance, interested parties must meet the following requirements:

1. Extend the terms of the loans under such conditions for a period of at least 540 days from the date of each maturity to which the foreign exchange insurance will be applied.

2. Consequently, the insurance will cover the term from the date of its authorization and arrangement with this Bank until the date of the maturity that results by application of point 1 above.

3. Provide, on the respective petition, all the data pertaining to the loan transactions involved, indicating the number

and date of forms 3191 or 3189—as appropriate—corresponding to the declaration on the on-going survey of obligations with foreign parties and ratify, under sworn statement, that the debts have not been cancelled by any process.

The following rates will apply to the transactions formalized pursuant to these standards:

a) For the first 180 days of the insurance, the fixed rate that the Central Bank communicates each day pursuant to the provisions of Communication "A" 31, point 4.

b) For the remaining period, the rate pursuant to the provisions of Communications "A" Nos. 36 and 44 shall apply.

Sincerely,

CENTRAL BANK OF THE ARGENTINE REPUBLIC

[signature]

Antonio E. Conde
Manager, Foreign
and Foreign Exchange

[signature]

Evaristo H. Evangelista
Asst. General Manager

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

AFFIDAVIT OF ACCURACY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

This is to certify that the attached translation no. S165E1/3 is an accurate, true and complete rendition from Spanish into English of COMMUNICATION "A" 61 pertaining to Banco Central de la Republica Argentina to the best of my knowledge and belief.

RENNERT BILINGUAL TRANSLATIONS

/s/ OLGA GARDNER
By Olga Gardner
Assistant Director, Translations

SWORN TO AND
SUBSCRIBED BEFORE ME
THIS 4 DAY OF APRIL, 1990

/s/ BRUCE J. LEVINE
BRUCE J. LEVINE
NOTARY PUBLIC,
STATE OF NEW YORK
NO. 24-4248203
Qualified in Kings County
Commission Expires Jan. 27, 1991

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

CENTRAL BANK OF THE ARGENTINE REPUBLIC

COMMUNICATION "A" 61 9/24/81

TO FINANCIAL ENTITIES AUTHORIZED TO TRADE IN FOREIGN EXCHANGE AND FOREIGN-EXCHANGE BROKERS:

Ref.: Circular EXCHANGE OPERATIONS AND MOVEMENT OF FUNDS AND SECURITIES INTO AND OUT OF THE COUNTRY—CAMEX-1-10

We are contacting you and, through you, the interested parties, to inform you that this Bank has resolved to establish a system of foreign exchange insurance—in United States dollars—consisting of contracting it in advance to cover debts due to financial loans in foreign currency, of the private sector, maturing on or before 12/31/83.

1. *Scope*

The system is applicable to the following transactions:

1.1 Financial loans in effect as of 6/30/81 received and traded on the exchange market until 6/19/81 inclusive, with maturities occurring until 12/31/83 and that, when these occur, they are extended for a minimum term of 540 days and a maximum of 3 years.

1.2 Foreign exchange insurance can only be contracted on 50% (fifty percent) of the total amount of the financial-loan indebtedness of each company, effective as of 6/30/81 and recorded at this Bank pursuant to the system of the on-going survey of obligations with foreign parties.

Thus, in those cases where, by application of the provisions of Communications "A" 31 and 54, the amount in

effect as of 6/30/81 includes transactions already covered by foreign exchange insurance, the present provisions shall apply only to the remaining transactions until 50% of the total debt is covered.

Insurance transactions concluded prior to the date of this circular may be supplemented, as far as term is concerned, until the maximum referred to in point 1.1 is reached.

1.3 In addition to the principal, the foreign exchange insurance may cover the interest accrued until the maturity that gives rise to said contract, provided that the payment of this interest is extended until it coincides with the reimbursement of the principal, i.e. at the end of the foreign exchange insurance.

Under equal conditions, foreign exchange insurance may be contracted for future interest, insofar as the payment of it is extended until the reimbursement of the principal when the foreign exchange insurance is liquidated. In this case, for the interest, on each occasion, an exchange contract will be executed for the corresponding amount and pursuant to the provisions of point 3, effective at this time, without requiring prior authorization for it.

The interest to be insured will be for the net amount payable to the lender, i.e. excluding any local charge (income tax payable by the lender, etc.) and half-yearly calculation of it to coincide with foreign exchange insurance application periods.

1.4 It is not applicable to:

1.4.1. Personal debts, except for those of personal companies engaged in an economic activity.

1.4.2. Debts due to prefinancing or financing of exports nor to debts arising from loans applied directly abroad to the financing of imports.

2. *Term*

The foreign exchange insurance will cover the period from the date on which it is contracted until the date resulting from the extension referred to in point 1.1.

3. *Foreign Exchange Insurance Rate*

On the seller exchange rate that this Bank communicates for this purpose each day when the market opens, a fixed rate will be applied, for the first 180 days, which will also be communicated daily, and for the remaining period the borrowers may decide at that time, between the rate resulting from the variation in the wholesale prices, general level, minus the international inflation (Communication "A" 36 of 6/17/81) and the rate resulting from the difference by quotient between the rates of variation in the financial adjustment index (R.F. Circular 1050) and the 30 day LIBOR rate index (Communication "A" 44 of 7/3/81).

The amount of the foreign exchange insurance rate must be paid to this Bank every six months when due.

4. *Procedure*

When submitting requests on forms 4008 A, interested parties must meet the following requirements:

4.1. Extend the terms of the loans referred to in these provisions for a period of at least 540 days from the date of each maturity to which the foreign exchange insurance will be applied.

When provided, to formalize the extensions for the terms referred to in point 1, the use of various lenders, on the foreign obligation survey form, such circumstances will be stated but also indicating that it will not alter the total term of the foreign exchange insurance with the Central Bank.

4.2. Provide, on the respective petition, all the data pertaining to the loan transactions involved, enclosing copies of forms 3189 or 3191—as appropriate—corresponding to the declaration on the on-going

survey of obligations with foreign parties and ratify, under sworn statement, that the debts have not been cancelled by any process.

4.3. Itemize the amount of the financial loan indebtedness, effective as of 6/30/81, indicating the contracting date or latest renewal date—as appropriate—of each transaction, maturity (indicating extension and new maturity for those taking effect between 7/1/81 and the date of the petition) and indicate for each one of them whether the concessions referred to in Communications "A" 31, 33 and 54 have been applied.

5. The transactions will be contracted with this Bank, directly by the Financial Entities authorized to trade in foreign exchange, through the foreign exchange switchboard.

6. *Survey and Reporting System*

Foreign exchange transactions with clients must be reported on form 4002 A (credit sale) and 4004 B (settlement), stating in all cases, in the appropriate space, the phrase "COMMUNICATION "A" 61."

Form 4002A must absolutely contain the number of form 3191 submitted in compliance with the standards on survey of obligations with foreign parties, in modification of the previous one, which will be returned, attached to 4004B, upon settlement of the transactions.

Renewals must comply with the reporting system provided for financial loans, reporting on the declaration forms the number assigned to the new form 3191 modifying the previous one, which will be added to form 4004B at the time of settlement.

The balancing entries with the Central Bank will be reported on form 116, in duplicate, separately from the other transactions between entities or with this Institution.

7. *Expiration of Contracts*

The foreign exchange insurance contracts concluded by virtue of these provisions and the provisions established in Communications "A" Nos. 31, 36, 44 and 54 shall become ineffective and be cancelled automatically upon non-payment of the insurance rate by the policyholders, only at the half-yearly completion of the set term and with no need for any summons.

8. *Intervening Authorized Entities*

The transactions referred to in these provisions may only be conducted through the entities authorized to trade in foreign exchange, in categories B and C.

Sincerely,

CENTRAL BANK OF THE ARGENTINE REPUBLIC

[signature]

Antonio E. Conde
Manager, Foreign
and Foreign Exchange

[signature]

Evaristo H. Evangelista
Asst. General Manager

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

AFFIDAVIT OF ACCURACY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

This is to certify that the attached translation no. S165E1/1 is an accurate, true and complete rendition from Spanish into English of COMMUNICATION "A" 76 pertaining to Banco Central de la Republica Argentina to the best of my knowledge and belief.

RENNERT BILINGUAL TRANSLATIONS

/s/ OLGA GARDNER
By Olga Gardner
Assistant Director, Translations

SWORN TO AND
SUBSCRIBED BEFORE ME
THIS 4 DAY OF APRIL, 1990

/s/ BRUCE J. LEVINE
BRUCE J. LEVINE
NOTARY PUBLIC,
STATE OF NEW YORK
NO. 24-4248203
Qualified in Kings County
Commission Expires Jan. 27, 1991

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

CENTRAL BANK OF THE ARGENTINE REPUBLIC

COMMUNICATION "A" 76 11/30/81

TO FINANCIAL ENTITIES AUTHORIZED TO TRADE IN FOREIGN EXCHANGE AND FOREIGN-EXCHANGE BROKERS:

Ref.: Circular EXCHANGE OPERATIONS AND MOVEMENT OF FUNDS AND SECURITIES INTO AND OUT OF THE COUNTRY—CAMEX-1-14

We are contacting you and, through you, the interested parties, to inform you that this Bank has resolved to expand the system of foreign-exchange insurance in U.S. dollars, established by Communication "A" 61 of 9/24/81, by allowing its application to the interest corresponding to the financial loans in foreign currency effective as of 6/30/81 even in those cases where, due to the limitation set in point 1.2 of said Communication, the principal may not benefit from foreign exchange insurance.

Consequently, the foreign exchange insurance for this interest may be contracted directly by the entities authorized to trade in foreign exchange, pursuant to current general standards and the following:

1. The foreign exchange insurance may cover the interest corresponding to loans maturing on or before 12/31/83.

2. As a condition for contracting the foreign exchange insurance, the payment of the interest must be extended for a minimum term of 540 days and a maximum of 3 years from the date of maturity of the respective obligations referred to in point 1.

3. The system is applicable to interest accrued or to accrue, in this last case when the exact (not estimated) amount is known in advance. Insurance may only be contracted on

the net amount payable to the lender, i.e. excluding any local charge (income tax payable by the lender, etc.).

4. The foreign exchange insurance will cover the period from the date on which it is contracted until the date resulting from the extension referred to in point 2.

Sincerely,

CENTRAL BANK OF THE ARGENTINE REPUBLIC

[signature]

Antonio E. Conde
Manager, Foreign
and Foreign Exchange

[signature]

Evaristo H. Evangelista
Asst. General Manager

JA 55

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

CENTRAL BANK OF THE ARGENTINE REPUBLIC

ORGANIC CHARTER
OF THE CENTRAL BANK
OF THE
ARGENTINE REPUBLIC

BUENOS AIRES
1982

JA 56

LAW No. 20.539*

Buenos Aires, September 11, 1973

CHAPTER I

Nature and Purpose

ARTICLE 1. The Central Bank of the Argentine Republic is an autarchic entity of the Nation, governed by the provisions of this law and the other concordant legal standards. Its relations with the Executive Power shall be maintained through the Ministry of Economy. The Nation guarantees the bank's obligations.

ARTICLE 2. The bank shall have its domicile in the city of Buenos Aires. It may establish branches or agencies and appoint correspondents within the country and abroad.

ARTICLE 3. The purpose of the bank shall be:

a) To regulate the credit and means of payment in order to create conditions enabling orderly and increasing economic development, with a social sense, a high degree of employment and the currency's purchasing power.

b) To execute the exchange policy outlined by the Ministry of Economy with counsel from the Central Bank and to concentrate and administer the reserves of gold, currency and other assets outside of the country.

c) To supervise the liquidity and the proper operation of the financial market and apply the law of financial entities and other standards that may be enacted in consequence thereof.

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* With the current amendments introduced by Laws Nos. 21.364 - 7/27/76 -, 21.547 - 3/14/77 -, 21.571 - 5/6/77 -, 21.757 - 3/7/78 -, 22.467 -6/23/81 - and 22.602 - 6/2/82.

d) To propitiate the development and strengthening of the capital market, and

e) To act as the State's financial agent, economic, financial, monetary and currency-exchange counsel of the National Executive Power through the Ministry of Economy of the Nation, and the country's depositary and agent before the international banking, financial and monetary institutions of which the Nation may be a member.

ARTICLE 4. The bank's activity shall conform to the general directives in matters of financial, currency-exchange, monetary and economic policy that the National Government may issue through the Ministry of Economy (Law No. 21. 364 - 7/27/76 -)

CHAPTER II

Capital

ARTICLE 5. The bank's capital shall be one hundred million pesos (100,000,000 pesos).

The National Executive Power may increase it to the extent necessary to carry out the bank's operations.

CHAPTER III

Board of Directors

ARTICLE 6. The bank shall be governed by a board of directors composed of a president, a vice-president and eight directors. They must all be native or naturalized Argentines with no less than ten years of citizenship. [page cut off] (Law No. 22.467 - 6/23/81 -)

ARTICLE 7. The president, the vice-president and the directors shall be appointed by the National Executive Power, shall hold office for four years and may be re-appointed.

The following may not serve as members of the board of directors:

a) Employees or officers of any division of the national government and those persons who may hold other positions or jobs paid or remunerated in any form, that directly or indirectly depend on the national, provincial or municipal governments, including their legislative or judicial powers. Persons involved in teaching are not included in the provisions of this paragraph;

b) Those persons who may be part of the management, administration, trusteeship of, or report to, the financial entities;

c) Those persons who may be affected by the prohibitions established in the Law of Financial Entities.

They may be removed from their posts for poor performance or for having incurred any of the prohibitions established in this article. (Law No. 22.467 - 6/23/81 -)

ARTICLE 8. Should the president, vice-president or any member of the board die, resign or in any way vacate his post before completing the period for which he was appointed, his replacement shall be appointed to complete the period in the form established in the preceding article. (Law No. 22.467 - 6/23/81 -)

ARTICLE 9. The salaries of the president, vice-president and the six board members appointed by the National Executive Power shall be those set in the bank's budget. (Law No. 21.547 - 3/14/77 -)(*)

ARTICLE 10. The president is the first executive authority of the bank and, in this capacity:

a) Exercises the upper administration of the bank;

(*) The number of board members is eight in accordance with the provisions of Law No. 22.467 of 6/23/81.

b) Acts in representation of the board of directors and convenes and presides over its meetings;

[page cut off] decrees of the Executive Power and the resolutions of the board of directors;

d) Legally represents the bank in its relations with third parties;

e) Appoints, promotes and dismisses the bank's personnel in accordance with the standards set forth by the board of directors, giving it subsequent account of the resolutions adopted;

f) Arranges the substantiation of charges made against personnel, regardless of their hierarchy, through the competent office, and

g) Acts in and resolves all those matters that are not expressly reserved to decision by the board of directors.

ARTICLE 11. When reasons of urgency so demand, the president may, furthermore, resolve matters reserved to the board of directors in consultation with the vice-president or whomever may be acting as vice-president or, at least, a director, and he must give an account to the board of directors, at the first opportunity, of the resolutions adopted in this manner. Whosoever may replace him shall possess the same power.

ARTICLE 12. The president shall convoke meetings of the board of directors at least once every fifteen days. Six members shall constitute a quorum and, save provisions to the contrary, the resolutions shall be adopted by simple majority vote of the members present. In the event of a tie, the president shall have a double vote. (Law No. 22.467 - 6/23/81 -)

ARTICLE 13. The vice-president shall act as president if the president is absent, rendered unable or vacates the post. In addition to said cases, he shall perform those duties that the president—from among his own duties—assigns him.

ARTICLE 14. The board of directors shall be responsible for:

a) Establishing the standards for organizing and managing the bank; being cognizant of the operations decided in accordance with said standards and intervening, pursuant to the regulations that it may issue, in resolving cases that have not been provided for;

b) Approving the annual budget of salaries and expenditures and the calculation of resources and bringing them to the awareness of the Ministry of Economy of the Nation; (Rescinded by Law No. 22.602 - see page 17 -)

c) Annually approving the bank's general balance sheet, profit and loss statement and annual report, all of which shall be brought to the awareness of the National Executive Power and published;

d) Determining the appropriate sums to be assigned to reserves in accordance with the provisions of Article 45;

e) Annually appointing a 2nd vice-president from among the directors, who shall be required to substitute for the vice-president in the case of temporary absence or when the vice-president is acting as president;

f) Establishing and closing branches and agencies;

g) Designating correspondents;

h) Determining the amounts, rates and other conditions of the rediscounts, advances and other credits that it may agree upon and of the obligations that it may issue;

i) Authorizing the opening of new financial entities and subsidiaries, and projects of mergers of financial entities;

j) Authorizing the financial entities for the purposes of the Law of Financial Entities;

k) Considering the stock transfers that may alter the structure of the the financial-entity shareholder groups;

l) Approving plans of regularization and stablization of the financial entities that may affect solvency or liquidity;

m) Establishing the rates of interest and commissions that the financial entities shall apply to loans and deposits and service commissions;

n) Revoking authorization to operate from financial entities when called for;

o) Issuing the regulatory standards of the Law of Financial Entities;

p) Setting the values and characteristics of the notes and coins that the bank may issue;

q) Ordering the demonetization of the notes and coins in circulation and setting the periods within which their exchange shall be accomplished;

r) Acquiring the necessary realty so that the bank may carry out its purpose and disposing of realty that is no longer needed;

s) Appointing the general manager and the assistant general managers at the proposal of the president, and

t) Dictating the bank's personnel procedures, setting the conditions of the hiring, technical training, discharge and dismissal of personnel.

CHAPTER IV

General Management

ARTICLE 15. The bank shall be administered though the general manager and the assistant general managers, all of

whom must be native or naturalized Argentines with no less than ten years of citizenship.

ARTICLE 16. The general managers and the assistant general managers are the advisors of the president, the vice-president and the board of directors. In this capacity, the general manager and, if applicable, the assistant general managers shall attend the meetings of the board of directors.

They are responsible for complying with the standards, regulations and resolutions of the board of directors and the president, for application of which, with the president's approval, they may issue the necessary internal regulations.

The general manager or the assistant general managers, if applicable, shall keep the president informed as to the bank's operation. They may be dismissed from their posts only for poor performance or for having incurred any of the prohibitions provided in the Law of Financial Entities.

CHAPTER V

Bank Transactions

ARTICLE 17. The bank is empowered to conduct the following transactions:

a) Issue notes and coins;

b) For the financial entities, rediscount documents from their credit transactions. If the documents issue from commercial, industrial or public-service enterprises belonging in full or in part to the National State, provincial states or municipalities, the rediscount may be done only when such enterprises possess a patrimony independent from their patrimony, have resources to make the payments and have adopted the necessary provisions to make them in the proper or established manner;

c) Grant advances on account to the financial entities, with collateral of public securities or other securities or

with guaranty or general or special allocation of specified assets; (Law No. 21.571 - 5/6/77 -)

d) Grant other loans to financial entities. When exceptional circumstances so warrant in the judgment of the Central Bank, these loans may be unguaranteed but it must counterbalance the solvency of the entity's patrimony and adopt measures to assure the due application of the allocated resources as well as their recovery, and (Law No. 21.571 - 5/6/77 -)

e) The sequelae of international agreements regarding payments. (Laws Nos. 21.547 - 3/14/77 - and 21.571 - 5/6/77 -)

The resources lent to financial entities through the systems provided in paragraphs b), c) and d) above shall be reimbursed to the Bank with preference over any other creditor. (Law No. 21.571 - 5/6/77 -)

ARTICLE 18. The bank may:

a) Buy and sell gold and currencies;

b) Obtain credit from abroad;

c) Grant advances guaranteed by gold coins or gold bars;

d) Receive gold in custody;

e) Act as correspondent or agent of other central banks, or represent or be part of any international entity in existence or which may be created for the purpose of financial, monetary or bank cooperation;

f) Receive deposits in national or foreign currency;

g) Issue securities or bonds, as well as certificates of participation in the public securities that it may possess and other obligations with or without special guarantees;

h) Issue, buy and sell public securities. It shall conduct these transactions exclusively for the account of the respective government and may not subscribe such securities nor guaranty their placement;

i) Buy and sell in the public securities market for the purpose of regulation. The bank may invest in these transactions up to 15% of the circulating amount of public securities currently negotiable on the market, but such limit may be increased by the allocation of special reserves or, in emergency cases, with the unanimous vote of the members of the board of directors.

ARTICLE 19. The bank is prohibited from:

a) Granting loans to the National Government, without prejudice to the transactions authorized by Articles 19, paragraph i); 29 and 51; (Law No. 21.547 - 3/14/77 -)

b) Grant loans to provinces, municipalities or autarchic divisions dependent thereof;

c) Guaranty or endorse drafts or other obligations of the national government, provinces, municipalities, autarchic divisions or similar institutions;

d) Grant unguaranteed advances or grant overdraft credits, except in the case of credit agreements concluded with other central banks; (Law No. 21.547 - 3/14/77 -)

e) Purchase realty, except that which may be necessary for it to be able to carry out its activities;

f) Buy shares, except those corresponding to international financial entities;

g) Participate directly or indirectly in any commercial, agricultural, industrial or other enterprise, except for the case stipulated in the preceding paragraph, and

h) Grant loans to individuals or legal entities not authorized to operate as financial entities, except for the cases provided for in Articles 18, paragraph i); 29 and 51.

CHAPTER VI

Issuance of Money and Reserve of Gold and Currencies

ARTICLE 20. The bank is exclusively in charge of issuing notes and coins of the Argentine Nation and no other agency of the national government, nor provincial governments nor municipalities, banks or other institutions of any sort may issue notes or metallic coins or other instruments that might circulate as money.

ARTICLE 21. The bank's notes and coins shall be legal tender throughout the territory of the Argentine Republic for the amount expressed on them. Notes shall bear the facsimile of the signature of the president and the general manager or whomsoever may replace them in their duties.

ARTICLE 22. Each time the bank observes a violation of its exclusive function of issuing money, it shall report the act with all its antecedents to the National Executive Power so that the latter may take the necessary action.

ARTICLE 23. The bank may keep a moderate portion of its external assets in deposits or other interest-bearing transactions, in foreign banking institutions or in papers with acknowledged solvency and liquidity payable in gold or foreign currency.

ARTICLE 24. At all times, the bank shall keep a reserve of gold and currencies and other external assets considered as such, including the investments authorized by Article 23, equivalent to a minimum of 25% of its circulating notes and sight obligations.

CHAPTER VII

Relations with Financial Entities

ARTICLE 25. The bank shall coordinate the conducting of the activities of the various official entities—national, provincial or municipal—mixed and private, which, because of their duties, ~~are~~ included in the law of financial entities, by this charter and by its supplements, so that their actions are not inappropriately obstructed within a single region or place.

Furthermore, and without prejudicing the operations falling under its jurisdiction, the bank, as leader of the official banking system, shall each year conduct a general audit of the Banco de la Nación Argentina, the Banco National de Desarrollo, the Banco Hipotecario Nacional and the National Fund of Savings and Insurance, reporting its conclusions to the National Executive Power.

ARTICLE 26. General or special plans of development prepared by banks and other official financial entities of the Nation, as well as any investment in excess of those included in these plans, must have the bank's prior approval.

ARTICLE 27. Banks and other financial entities of provinces or municipalities, mixed or official, as well as national private ones, may participate in the development plans referred to in the preceding article, in which case they shall, for this purpose, enjoy the benefits and privileges that official entities of the Nation are recognized to have.

To bank, whose participation in these plans the entities must solicit, shall so agree insofar as the Nation's financial and economic policy so advise and the reserves that they may have accumulated to cover, for its account, the total or partial losses that said transactions may cause so allow.

ARTICLE 28. The bank shall regulate the creation and operation of the clearing house of checks and other securities.

CHAPTER VIII

Relations with the National Government

ARTICLE 29. The bank may make temporary advances to the national government up to an amount not to exceed 30% of the cash resources [line missing] such nature must be reimbursed within twelve months from taking place. If any advance of this nature is unpaid after this period of time, this power of the bank may not be reused until the quantities owed have been repaid. On these advances, the government shall pay an interest to be agreed upon with the bank, no greater than the minimum rate of discount in effect.

ARTICLE 30. The bank, directly or through the banks, shall undertake to make bank transactions and remittances of the national government both within the country and abroad; it shall receive in deposit the funds of the national government and all the autarchic divisions, and it shall make payments on their behalf. The bank shall not pay any interest on the sums deposited in the government's account nor shall it be remunerated for the payments that it may make on its behalf, but it may charge it for the expenses that it, in turn, may have paid to the banks. The Central Bank may order that the deposits of the government and autarchic entities be transferred to the official and mixed banks. Similarly, it may order the banks to conduct banking transactions of any sort of the government and the State divisions or enterprises.

ARTICLE 31. The bank shall act on behalf of the national government in the placement of public loans of any class and term and in handling foreign and domestic public-debt services.

It may place securities on direct sale in the market or by means of financial consortia. It may promote and supervise the operation of these consortia and integrate them, in which case it shall assume their management. The bank may not take firm subscriptions.

It shall collect a commission for said services, charging same to the Secretariat of State for Finance.

ARTICLE 32. The bank is empowered to arrange, with the paying or fiscal agent, *ad referendum* of the Secretariat of State for Finance, the measures that it deems most suitable for due handling, on behalf of the national government, of foreign public-debt services.

ARTICLE 33. The bank shall charge the Secretariat of State for Finance for the amount of the foreign and domestic public-debt services handled on behalf of the national government, as well as the costs that said services may engender. The national government shall provide the bank with the necessary funds to handle said costs, but the bank may advance them within the limitations established in Article 29.

ARTICLE 34. The bank shall provide the Ministry of Economy of the Nation with the inspection of all instruments concerning the placement of public loans and the handling of public-debt services, including the voiding and destruction of securities, and the inspection of books, registers and other documents related to such transactions.

Furthermore, it shall give it special information concerning the performance of its duties as financial agent of the national government.

ARTICLE 35. The bank must inform the Ministry of Economy of the Nation about the currency-exchange, credit and monetary situation, flow of funds, balance of payments and national income and proceeds, formulating, in each case, the considerations that it may deem proper.

ARTICLE 36. Any sale or purchase of public securities that the official banks may conduct on their own behalf and other national decentralized agencies, national divisions, national social-security funds and enterprises, regardless of their legal system, whose capital belongs in full or in part to the National State, must be done through the bank. Similarly, it shall be consulted as to bids that said divisions and

entities may wish to submit in biddings for amortization of the public debt.

ARTICLE 37. The Ministry of Economy of the Nation shall give the bank the following information corresponding to each quarter:

a) Movement of receipts and disbursements of the General Treasury of the Nation by their various classifications;

b) Itemization of the collection of cash resources and the proceeds of credit resources;

c) Costs incurred, as permitted by the establishment of the respective accounting, and

d) Statement of the foreign and domestic floating and consolidated debt.

In addition to this information, the bank may ask the Ministry of Economy of the Nation and other ministries and public divisions for supplementary information that may be necessary or useful for it to better perform its duties.

CHAPTER IX

System of Currency Exchange

ARTICLE 38. The bank must:

a) Advise the Ministry of the Economy of the Nation in all matters concerning the system of currency exchange and establish its regulations, which shall be mandatory for public entities;

b) Apply the standards of currency exchange and perform the supervisory measures that their compliance requires;

c) Administer the income of currencies issuing from exports and other sources and their allocation to pay for imports and other remittances, and

d) Advise the National Executive Power through the Ministry of Economy of the Nation about rates of exchange and the setting of import and export duties and duties of any other nature that might affect financial and commercial transactions with foreign countries.

ARTICLE 39. The bank may force financial entities, currency-exchange brokers, offices, agencies and firms, exporters, importers or other individuals or legal entities intervening directly or indirectly in currency-exchange transactions to exhibit their books and documents, to provide all information and documentation concerning the transactions that they may have conducted or in which they may have taken part and order the confiscation of same and any other item connected with said transactions. Information so gathered shall be confidential in nature and shall be subject to the provisions of Article 34 of the Law of Financial Entities.[1]

Similarly, it is empowered to draw up indictments and apply sanctions for infractions of the currency-exchange standards and to solicit, at any state of the investigations or of the administrative proceedings, preventive attachments and other precautionary measures for the amounts that it deems sufficient to guaranty the fines and reimbursements that may be due. (Law No. 21.364 - 7/27/76 -)

ARTICLE 40. The bank is responsible for granting and cancelling authorizations to exchange currencies.

CHAPTER X

Accounts and Statements

ARTICLE 41. The bank's financial year shall last one year and shall close on December 31.

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(1) Article 40 of Law No. 21.526

ARTICLE 42. The bank shall publish summarized statements of its assets and liabilities at the close of operations on the 7th, 15th and 23rd and last day of each month.

ARTICLE 43. The bank's observance of the provisions of this organic charter and other laws, decrees, resolutions and provisions that may be applicable to it shall be supervised by an agent appointed by the National Executive Power. The agent, who must be an attorney, doctor of economic sciences or national public accountant, shall hold office for two years and may be reelected; he shall have access to all documents, books and other evidence of the bank's transactions and shall sign the balance sheets and statements of profit and loss at the end of the fiscal year. He shall inform the board of directors of the bank and the National Executive Power, through the Ministry of Economy of the Nation, about the management of the institution's transactions.

For his service, the agent shall receive the remuneration set in the bank's budget.

ARTICLE 44. The provisions of the law of accountancy shall only apply to the bank in regard to verifying that expenditures fit within the authorizations of its administrative budget and in regard to the submission of documented accounts which, periodically and at least once per year, it must submit to the Court of Accounts of the Nation.

CHAPTER XI

Profits

ARTICLE 45. Liquid profits resulting at the close of each fiscal year, after amortizations, write-offs, provisions and allowances, shall be allocated:

a) 50% to the general reserve fund and to the special reserves that the board of directors may determine, and

b) 50% to General Income (Law No. 21.757 of 3/7/81).

CHAPTER XII

Sundry Provisions

ARTICLE 46. The bank may order the immediate assistance of the police force when it encounters obstacles or resistance to carrying out the inspection and verification duties assigned to it.

It may also request the necessary search warrants from the competent courts, which warrants must be issued without delay under the responsibility of the officials requesting them.

ARTICLE 47. The bank is subject exclusively to national jurisdiction. When it is plaintiff in litigation, the national jurisdiction shall be concurrent with the jurisdiction of the provincial courts.

ARTICLE 48. The president of the bank shall answer court interrogatories in writing and is not obliged to appear in person.

ARTICLE 49. The bank's principal office and the offices of its branches shall be exempt from any national, provincial or municipal tax and so shall the transactions that it may conduct directly or through financial entities for the portion of the tax that is not charged to the other parties intervening.

ARTICLE 50. The bank shall be in charge of the compilation, analysis and regular publication of the main monetary, credit and currency-exchange statistics, as well as the annual preparation and publication of the balance of payments and the national accounts. Similarly, the bank shall maintain a department of financial-economic analysis and studies.

ARTICLES 51. The bank's portfolio may contain public securities the amount of which may not exceed thirty-five per cent (35%) of the total deposits received by the banks. (Paragraph amended by Law No. 21.547 - 3/14/77). The calculation of this amount shall not include the "Bond of Bank Guaranty," the "Consolidated Bonds of the National Trea-

sury," the regulation fund provided by Article 18, paragraph i), of this law, nor the other securities that the Central Bank may have on the effective date of this law.

CHAPTER XIII

Temporary Provisions

ARTICLE 52. The bank shall not be subject to Article 6 of Law No. 21.121, nor shall it be subject to the other provisions of a general nature limiting the powers provided in this Organic Charter, except for express provisions contained in future standards of equal constitutional hierarchy. (Law No. 21.364 - 2/27/76 -)

ARTICLE 53. To comply with the provision of Article 5 of this organic charter, the necessary funds will be taken from the general reserve.

ARTICLE 54. The provision of Article 24 shall be kept temporarily in suspension.

ARTICLE 55. Repealed by Law No. 21.547 - 3/14/77 -.

ARTICLE 56. Decree-law No. 13.126/57 and any other provision that may oppose this law are repealed.

ARTICLE 57. This shall be communicated to the Executive Power.

ARTICLE 58. Repealed by Law No. 22.467 - 6/23/81 -.

NOTE: law No. 21.364, Article 2), includes a new article which is numbered 52, and Article 3) amends the numbering of the previous Article 52 *et seq.*, which becomes 53, 54, 55, 56 and 57.

Law No. 21.547 took effect from the date of application of Law No. 21.495 on decentralization of deposits in financial entities.

PROMULGATION OF LAW No. 20.539

Decree No. 1607

Buenos Aires, October 2, 1973

THEREFORE:

Let it be a Law of the Nation, executed, communicated, published, given to the National Office of the Official Register and filed.

Law No. 22.602 - Art. 41.
"Repeal Art. 14, para. b) of Law No. 20.539 and its amendments Laws Nos. 21.364, 21.547 and 21.571; Art. 15, para. c) of the appendix approved by Art. 1 of Law No. 21.799; Art. 19, para. d), Law No. 21.629; Art. 15, para e.), of the appendix approved by Art. 1 of Law No. 22.232 and Art. 15, para. c), of the appendix approved by Art. 1 of Law No. 21.963, corresponding to the agencies that comprise the official banking system."

"The Executive Power shall approve the institutions' budgets of salaries, expenditures and investments, calculation of resources and plan of action for fiscal year 1982, which shall be incorporated annually into the general budget law of the national administration as of 1983."

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

AFFIDAVIT OF ACCURACY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

This is to certify that the attached translation no. S165E/2 is an accurate, true and complete rendition from Spanish into English of BCRA/ANNUAL REPORT 1981 (pp. 1/5, 2/5, 3/5, 4/5) to the best of my knowledge and belief.

RENNERT BILINGUAL TRANSLATIONS

/s/ OLGA GARDNER
By Olga Gardner
Assistant Director, Translations

SWORN TO AND
SUBSCRIBED BEFORE ME
THIS 4TH DAY OF APRIL, 1990

/s/ BRUCE J. LEVINE
BRUCE J. LEVINE
NOTARY PUBLIC,
STATE OF NEW YORK
NO. 24-4948203
Qualified in Kings County
Commission Expires Jan. 27, 1991

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

[BCRA Annual Report 1981]

* * * * *

3. FOREIGN EXCHANGE POLICY

During 1981, various foreign exchange meâsures were applied to cope with the problems raised by the foreign sector.

To restrain the private sector's demand for currencies that was observed at the start of the year, caused by increasing expectations of a modification in the foreign exchange policy, in early February, a 10% adjustment in the exchange rate was ordered and the exchange rates that would be in effect daily until the month of August were announced. The rate of devaluation of these foreign exchange standards was 3% monthly.

These measures did not significantly alter the expectations of the private sector, which were manifested in constant buying of currencies backed with Central Bank reserves.

The only formal restriction on purchases of currencies by the private sector—i.e. the limit of $20,000 per person with not need to justify the motive of the transaction—was modified in late March to require the inclusion of a sworn statement making it possible to individualize buyers of currencies.

The economic authorities that took office in late March ordered the abandonment of the previously announced exchange rate policies and established a foreign exchange system in which the Central Bank would, each day, set the effective exchange rates. The application of these measures involved an initial 29% adjustment in the exchange rate with regard to the quoted price of the dollar on the last day of the previous system.

Thus, in the aim of reducing the modification's inflationary impact on foreign exchange parity and increasing the

State's resources, adjustments were ordered in export reimbursements and duties and import duties. The export duties for traditional exports, established at 12%, would gradually be decreased until their elimination in October of 1981 for the light harvest and February of 1982 for the heavy harvest and meat. The percentage of reimbursements to exports was reduced, without affecting the maximum reimbursement of 25% for purely industrial exports. Imports duties were reduced 12 points, except in those cases where they were or became less than 43%. This provision was modified early in May, when all import duties rose 5 points.

The Central Bank's regulation policy stipulated additional exchange-rate adjustments of 3.6% monthly in April and May, which levels were significantly below the rate of increase in domestic prices.

Partly for this reason, in May, the private sector's expectations were again manifested in a steady reduction in reserves at the effective exchange rates set by the monetary authority. To cope with this situation, in early June a new adjustment of 30% was ordered in the exchange rate. Thus, the term for trading currencies of traditional exports was reduced to 30 days and the possibility of early cancellation of obligations by imports was eliminated. To spur the receipt and renewal of loans in the private sector, it was decided to offset the increase in peso liabilities produced by the last devaluation with loans received and/or renewed between 1/1/81 and 5/29/81 maturing on or before 12/31/81, provided that they are renewed with terms of no less than 1 year and a system of foreign exchange insurance was established for loans received or renewed with terms of at least 540 days.

When the private sector's demand for currencies persisted, in late June, the authorities ordered that the foreign exchange market be split into a commercial market and a financial market.

Collections from exports—except for 10% of the collections from promoted exports—and payments from imports were channeled through the commercial market and the

amortization of financial loans renewed with terms of more than year was authorized. Moreover, the exchange rate of this market was used in the transactions with foreign exchange insurance that were conducted. The remaining operations were liquidated through the financial foreign exchange market.

Along with the splitting of the market, early collection or collection against shipping documents for traditional exports and within 180 days for promoted exports was ordered, this obligation of bank backing was reestablished for exports and the payment of imports of current goods was restricted to a minimum term of 180 days.

The foreign exchange rate of the commercial market was set daily by the Central Bank essentially following the changes in domestic prices, while the financial market experienced less intervention by the Central Bank, fundamentally since November, which was reflected in considerable increases in the exchange rate.

Between August and November, the category of operations that could be covered within the foreign exchange insurance system was expanded, permitting the contracting of insurance on capital maturities up until 1983 and interest, even in some cases in which the principal could not be covered with this insurance.

In late November, among the measures geared to reducing the domestic interest rate, to prevent residents from forming assets in foreign currency and to decrease the gap between the prices listed on the commercial and financial markets, a system of swap transactions was established with the Central Bank at 180 days, the operating system of the futures market was expanded and the currency purchases that the private sector was authorized to make in the aggregate of entities without needing to justify the motive for the transaction was reduced to $1,000 per person per day.

The authorities that took office toward the end of the year established significant changes in the foreign exchange policy.

The measures adopted include the reunification of the foreign exchange markets, the elmination of the systems of loans with foreign exchange insurance and of swap operations, the elimination of the restrictions on payment of imports of current goods and the increase, to 20,000 per person per day, of the currency purchases that the private sector may freely make in the aggregate of entities.

For fiscal reasons, a general export duty of 10% applicable to all products that do not receive reimbursement and the reduction of maximum reimbursements to 10% was established. Morever, the minimum import duty was increased from 5% to 10% and the maximum was reduced from 48% to 43%.

* * * * *

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

AFFIDAVIT OF ACCURACY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

This is to certify that the attached translation no. S03090-140E is an accurate, true and complete rendition from Spanish into English of Communication "A" 31 of 6/5/81 and Communication "A" 251 of 11/17/82 to the best of my knowledge and belief.

RENNERT BILINGUAL TRANSLATIONS

/s/ MIKAEL E. POULSEN
By Mikael E. Poulsen
Director

SWORN TO AND
SUBSCRIBED BEFORE ME
THIS 14TH DAY OF MARCH 1990

/s/ BRUCE J. LEVINE
BRUCE J. LEVINE
NOTARY PUBLIC,
STATE OF NEW YORK
NO. 24-4248203
Qualified in Kings County
Commission Expires Jan. 27, 1991

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

CENTRAL BANK OF THE ARGENTINE REPUBLIC

COMMUNICATION "A" 251 11/17/82

TO FINANCIAL ENTITIES AUTHORIZED TO TRADE IN FOREIGN EXCHANGE AND FOREIGN-EXCHANGE BROKERS:

Ref.: Circular EXCHANGE OPERATIONS AND MOVEMENT OF FUNDS AND SECURITIES INTO AND OUT OF THE COUNTRY— CAMEX-1-44

We are contacting you and, through you, the interested sectors, to inform you that, due to the difficulties existing in the foreign sector and faced with the needs of the monetary program, the economic authorities have provided for the servicing of foreign-exchange insurance contracts concluded by virtue of Communication "A" 31, of 6/5/81; "A" 54, of 8/14/81; "A" 61, of 9/24/81 and "A"76, of 11/30/81, pursuant to the following standards:

1. *Conversion of Private Foreign Debt into Public Debt.*

1.1. The Central Bank of the Argentine Republic, on behalf of the National Government, after payment in pesos of the corresponding amount and after compliance with the formality of point 5, shall service the obligations arising from the foreign-exchange insurance referred to in this circular, whose holders have not submitted any application for extension as of 10/22/82, pursuant to the following terms:

a) Transactions that mature between November 25, 1982 and March 31, 1983 shall be paid as follows:

1st amortization of 25% on 5/25/86
2nd amortization of 25% on 11/25/86
3rd amortization of 25% on 5/25/87
4th amortization of 25% on 11/25/87

b) Transactions that mature as of April 1, 1983 shall be paid as follows:

1st amortization of 25% on 10/1/86
2nd amortization of 25% on 4/1/87
3rd amortization of 25% on 10/1/87
4th amortization of 25% on 4/1/88

1.2. The instrumentation of the transactions shall be optional for the foreign creditor and may be done in any of the following forms:

a) Obligations ("Promissory Notes") of the National Government issued in U.S. dollars, to the name of the creditor, for the corresponding amounts.

b) Registered Bonds of the National Government, issued in U.S. dollars in increments of US$5,000 and larger denominations.

c) Since it is not the purpose of these measures to interfere in the loan contract between debtor and creditor, if they prefer to maintain their relationship directly and instrument it in any form other than the two forms indicated above, the Central Bank is willing to examine such proposals and conditions, provided that they respect the terms of maturity indicated in section 1.1.

The other main issuance conditions and characteristics of the promissory notes and the bonds shall be set forth in point 4, section 4.1 and 4.2.

1.3. The foreign creditor's acceptance of the securities indicated in section 1.2., paragraphs a) and b), shall be equivalent to his acceptance regarding the substitution of the debtor and consequently the cancellation and receipt for the entire original debt.

2. *Extensions of Insurance Requested on or Before 10/22/82*

Holders of insurance contracted by virtue of the standards referred to in this circular who have extended or may extend the maturities of the obligations by taking new foreign-exchange insurance pursuant to the provisions of Communication "A" 137 of 7/5/82, by means of submitting the corresponding application to this Bank on or before 10/22/82, shall have the following treatment:

Those that formalize or have formalized such transactions, when effecting the compensation in pesos between the exchange rate of the insurance that is expiring and the exchange rate of the new insurance, must apply the amount in the following order:

a) Cancellation of credits allocated to the "Consolidated Loan" of the Central Bank, excluding those allocated to sublimits at a free interest rate;

b) Cancellation of credits allocated to the "Consolidated Loan" of the Central Bank, sublimits at a free interest rate;

c) Subscription of the "Monetary Absorption Bond," whose characteristics are set forth in point 4, section 4.3.

3. *Interest*

Interest covered by foreign-exchange insurance may be transferred at the insured exchange rate. Interest not covered by foreign-exchange insurance may be paid by the single exchange market, at the rate in effect at the time of the payment, pursuant to general standards.

4. *Main Characteristics of Payment Instruments*

4.1. *Obligations ("Promissory Notes") in U.S. Dollars*:

Registered, transferrable only abroad by assignment between banks. Variable interest rate to be set and paid every six months. Amortization and interest service shall

be handled by paying agents abroad, who must be notified of any change in ownership.

4.2. *Bonds in U.S. Dollars*:

Registered, variable interest rate to be set and paid every six months. Amortization and interest service shall be handled by paying agents abroad, who must be notified of any change in ownership.

4.3. *Monetary Absorption Bond*:

Issued in pesos and its principal shall be adjustable. Not transferrable. Interest service to be paid every six months.

5. *Additional Requirements*

In the cases indicated in point 1, section 1.2., debtors must submit a sworn statement—on form N 3886 provided by the Central Bank—regarding the origin and characteristics of the transaction and also authorize this Institution to verify the information with the foreign creditors and competent fiscal bodies within our own country.

Sincerely,

CENTRAL BANK OF THE ARGENTINE REPUBLIC

[signature]	[signature]
Horacio A. Alonso	Evaristo H. Evangelista
Asst. General Manager	Asst. General Manager

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

AFFIDAVIT OF ACCURACY

STATE OF NEW YORK)
) ss. :
COUNTY OF NEW YORK)

This is to certify that the attached translation no. S11179-029E is an accurate, true and complete rendition from Spanish into English of COMMUNICATION "A" 272 pertaining to Banco Central de la Republica Argentina to the best of my knowledge and belief.

RENNERT BILINGUAL TRANSLATIONS

/s/ OLGA GARDNER
By Olga Gardner
Assistant Director, Translations

SWORN TO AND
SUBSCRIBED BEFORE ME
THIS 4TH DAY OF APRIL 1990

/s/ BRUCE J. LEVINE
BRUCE J. LEVINE
NOTARY PUBLIC,
STATE OF NEW YORK
NO. 24-4248203
Qualified in Kings County
Commission Expires Jan. 27, 1991

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

BANCO CENTRAL DE LA REPUBLICA ARGENTINA

COMMUNICATION "A" 272 1/11/83

TO FINANCIAL ENTITIES AUTHORIZED TO TRADE IN FOREIGN CURRENCIES AND CURRENCY BROKERS:

Re: Circular CURRENCY EXCHANGE TRANSACTIONS AND MOVEMENT OF FUNDS AND SECURITIES INTO AND OUT OF THE COUNTRY—CAMEX-1-45

We are addressing you and, through you, the sectors involved, to inform you that, by virtue of the provisions of Decree No. 1603 of the National Executive Power of 12/21/82, the text of which is appended hereto, the following provisions have been adopted in addition to those set forth in Communication "A" 251 of 11/17/82, pertaining to Chapter 1, point 1.2, section c) thereof.

1. *Transaction Procedures*

1.1. In those instances in which lenders and borrowers decide to maintain their relationship directly, they may grant the renewal of the obligation under the conditions freely agreed upon, provided that the maturity dates indicated in Chapter 1, point 1.1., sections a) and b) of the aforementioned circular are respected.

To formalize this agreement and so that the debtor may grant a guaranty for the performance of the extended obligation, at the request of the local borrower, the Banco Central de la Republica Argentina shall issue, in the name of the creditor, the Registered Bonds of the National Government or the obligations ("Promissory Notes") referred to in Decrees

Nos. 1334 and 1336, respectively.

To this end, when the local debtor pays his foreign exchange insurance through the intervening authorized financial entity—for which he must pay the corresponding peso amount—he shall ask to have the bonds or obligations issued in the name of the creditor and the foreign exchange insurance is extinguished at that time. When form 3891 is submitted, it must be accompanied by form 3189 or 3191 for cancellation thereof, since the debtor loses all right to acquire foreign currency in the single foreign exchange market to make payments for capital inherent in the cancelled insurance. The securities shall be issued in the Treasury Department of this Bank to the person designated by the creditor.

In the case of Bonds, portions less than $ 5,000 shall be paid in foreign currency with allocation to the foreign exchange insurance.

1.2. If the agreement to extend the obligation stipulates the payment of interest rates greater than those set for the obligations or bonds, the local debtor may acquire, in the foreign exchange market, pursuant to the general provisions in effect when the remittances abroad are made, the necessary amounts to cover the interest difference, but in no case may this be done prior to the dates for payment of the interest corresponding to the bonds or obligations.

1.3. The stipulated provisions shall apply only in the following cases:

a) When the creditor is a foreign institution and the debtor's payment obligation is directly with the foreign creditor and payable abroad, or

b) When the creditor is a bank established in the country and the funds lent to the debtor came from lines of credit granted by foreign institutions to the local entity, or

c) When the creditor is a local financial entity and the funds lent came from locally established foreign currency deposits. In this case, the creditor may agree upon procedures with the Banco Central to receive payments of principal and interest abroad.

1.4. Proposals to this Bank must be submitted on form 3892.

2. *Characteristics of the Securities*

2.1. The holder of the Registered Bond or the obligation has the right to collect the payments of principal and interest directly from the paying agent, regardless of the character in which they may have been issued to him.

Each amortization payment shall be considered a partial execution of the guaranty formalized by said bonds and obligations and shall involve the partial cancellation, up to the amount collected by the creditor, of the private foreign debt thus guaranteed.

2.2. The creditor to whom the bonds and obligations are issued in guaranty is authorized to substitute for the original debtor and to maintain the guaranty formalized in said bonds and obligations covering the new undertaking.

2.3. If the creditor to whom the bonds and obligations are issued in guaranty assigns the credit thus guaranteed, the assignee shall retain the guaranty formalized in said bonds and obligations. In such case, the assigning creditor must convey to the assignee the document formalizing the assigned debt as a condition for being able to convey, also, the bond or the obligation that guaranty said debt.

Furthermore and as a condition for such assignment to be considered opposable to the Banco Central de la Republica Argentina, the assigning foreign creditor must officially notify the Banco Central de la

Republica Argentina and the local private debtor (the assignee).

In such case, the Banco Central de la Republica Argentina, in its capacity as Financial Agent of the National Government, shall mandate the paying agent to amend the bond or obligation, substituting the name of the creditor.

Very Sincerely,

BANCO CENTRAL DE LA REPUBLICA ARGENTINA

[signature]

Jorge E. Magistrelli
Manager, Foreign and
Currency Exchange

[signature]

Horacio A. Alonso
Assistant General Manager

THE NATIONAL
EXECUTIVE POWER

Buenos Aires, December 21, 1982

IN VIEW OF the provisions of Decrees Nos. 1334 of November 26, 1982, 1336 of November 26, 1982 and Communication "A" 251 of November 17, 1982, from the Banco Central de la Republica Argentina, and

WHEREAS:

Communication "A" 251 expressly provides for the direct agreement between the local debtor and the foreign creditor, as the purpose of said standard was not to interfere in the mutuum contract between the parties.

Direct agreements would be substantially facilitated if the Banco Central de la Republic Argentina issued, in guaranty of the debtor's obligation, the Registered Bonds in United States dollars or the domestic public debt Securities described respectively in Decrees Nos. 1334 and 1336, both dated November 26, 1982, or guaranteed the local debtor's obligation in some other form.

In certain cases, the creditor of the obligations of the debtors described in articles 2 of Decrees Nos. 1334 and 1336 of November 26, 1982 are local financial entities; thus, it is proper to stipulate that such creditors may also be recipients of the Bonds or Securities, whether it be in payment or in guaranty.

Therefore,

THE PRESIDENT OF THE ARGENTINE NATION

DECREES:

ARTICLE 1—The registered bonds in United States dollars and the public debt securities considered, respectively, in

Decrees Nos. 1334 and 1336, both dated November 26, 1982, in addition to being intended to cancel the foreign obligations described in article 2 of both decrees, may also be issued by the Banco Central de la Republic Argentina to creditors in guaranty of performance of the debtor's obligations refinanced by the parties to the mutuum contract.

ARTICLE 2—The Banco Central de la Republic Argentina may agree and resolve upon the form and circumstance in which the public debt Bonds or Securities—Decrees Nos. 1334 and 1336 of November 26, 1982, respectively—are issued in guaranty. Insofar as its own capital is not affected and it acts as Financial Agent for and on behalf of the National Government, the Banco Central de la Republic Argentina may also provide for other mechanisms to guaranty the performance of the obligations of the debtors who have paid in pesos the amount corresponding to the foreign exchange insurance.

ARTICLE 3—The Banco Central de la Republic Argentina is authorized to issue to local financial entities who are creditors of the obligations described in articles 2 of Decrees Nos. 1334 and 1336 of November 26, 1982, the Bonds or Securities of the public debt considered therein. As appropriate, such issuance shall be done in cancellation or in guaranty of the performance of the aforementioned obligations. In such cases, the local financial entity may not give, assign or endorse the bonds or securities inside the country; in exchange, it is authorized to give them in payment, assignment or guaranty to its creditors abroad.

ARTICLE 4—The peso amounts that the Banco Central de la Republic Argentina obtains from those parties indebted to foreign creditors, which parties have contracted foreign exchange insurance with this Institution, by the payment thereof, shall be allocated to diminish the obligations of the NATIONAL GOVERNMENT vis-a-vis the Banco Central de la Republica Argentina.

ARTICLE 5—Be it communicated, published, given to the national Office of the Official Registry and filed.

DECREE No. 1603

BIGNONE

Signed: Dr. Jorge Wehbe
Ministry of Economy

A COPY

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

AFFIDAVIT OF ACCURACY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

This is to certify that the attached translation no. S165E2 is an accurate, true and complete rendition from Spanish into English of COMMUNICATION "A" 278 pertaining to Banco Central de la Republica Argentina to the best of my knowledge and belief.

RENNERT BILINGUAL TRANSLATIONS

/s/ OLGA GARDNER
By Olga Gardner
Assistant Director, Translations

SWORN TO AND
SUBSCRIBED BEFORE ME
THIS 5TH DAY OF APRIL 1990

/s/ BRUCE J. LEVINE
BRUCE J. LEVINE
NOTARY PUBLIC,
STATE OF NEW YORK
NO. 24-4248203
Qualified in Kings County
Commission Expires Jan. 27, 1991

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

CENTRAL BANK OF THE ARGENTINE REPUBLIC

COMMUNICATION "A" 278 1/26/83

TO FINANCIAL ENTITIES AND FOREIGN-EXCHANGE BROKERS:

Ref.: Circular NATIONAL PUBLIC SECURITIES—TINAC-1-10. Circular EXCHANGE OPERATIONS AND MOVEMENT OF FUNDS AND SECURITIES INTO AND OUT OF THE COUNTRY—CAMEX-1-47

We are contacting you and, through you, the interested parties, to inform you that, pursuant to the provisions of Decrees of the National Executive Power Nos. 1334/82, 1335/82 and 1336/82—publicized by Communication "B" 503 of 12/2/82—this Bank has resolved to implement the issuance of the securities whose terms and conditions are specified below:

1. *"MONETARY ABSORPTION BONDS—1st Series"*

1.1. Characteristics of the Securities:

1.1.1. Date of issuance: November 26, 1982.

1.1.2. Term: 5 years.

1.1.3. Issuance amount: This will be the amount resulting from the face value peso investments made by the investors referred to in article 2 of Decree No. 1335/82, between 11/26/82 and 2/28/83.

1.1.4. Interest rate: The annual interest rate will be 8%, payable semi-annually at end of term, on 5/26 and 11/26 of each year; the first

payment will be due on May 26, 1983.

The interest rate will be applied to the principal adjusted pursuant to the provisions of point 1.1.7.

1.1.5. Price of placement: The price corresponding to the adjusted principal plus interest to the adjusted principal plus interest accrued on the date of expiration of the foreign exchange insurance.

1.1.6. Repayment: This shall be done on the face value of each investment in seven semi-annual installments, the first six for 14% and the last one for 16%. The first payment shall take place on November 26, 1984.

1.1.7. Adjustment clause: The repayment services shall be paid on each maturity, adjusting the face value pursuant to the variation in the closing exchange rate of the Banco de la Nacion Argentina, for income from loans from abroad in United States dollars, between the 7th day prior to the issuance date and the 7th day prior to the date of each maturity. If this last day is an exchange holiday, the first work day immediately prior shall be used.

1.1.8. Register of investments: The Central Bank of the Argentine Republic will record the investments each day in the face value of the Bond, in the name of each financial entity intervening in the transaction.

Financial entities shall proceed to register, in accounts that they shall provide for this purpose, the amount of the face value of the investments that correspond to each investor, with no delivery of securities.

Financial entities shall certify in writing to each investor the face value amount invested.

1.1.9. Handling of financial services: These shall be handled by the Central Bank of the Argentine Republic on the due date of each service, by means of credits in the current accounts that the financial entities maintain at this Institution.

Financial entities shall proceed, on the same date, to pay the financial services to the investors.

1.1.10. Early redemption: The Office of the Secretary of the Treasury may order the early redemption of all or part of the securities issued, at their adjusted value plus interest accrued.

1.1.11. Tax exemptions: Both the principal and the income of the present issue are exempt from any tax assessment.

1.2. Procedure for compliance with cancellations of credits applied by the entities that are creditors to "Consolidated Loan" of the Central Bank and amount to be invested in the "Monetary Absorption Bond-1st Series":

1.2.1. The peso amount that corresponds to the exchange rate compensation as a result of the extension of the maturity of foreign debts, defined pursuant to the provisions of sections a) and b) of article 2 of Decree No. 1335/82, shall be credited, on the transactions's maturity date, by the Central Bank into an account opened for this purpose, in which shall be recorded the amounts corresponding to the foreign exchange insurance contracts by each entity in which the transaction was contracted.

These funds shall not comprise their availabilities.

The Central Bank shall report the amount of the credit to the entity, which, by the end of the following work day, shall so inform the foreign exchange insurance policyholder.

1.2.2. The policyholder shall ask the financial entities with which it has debts to certify the balances that it owes as principal and pursuant to each one of them on the date indicated in point 1.2.1. and that the entity has allocated to "Consolidated Loan" of the Central Bank.

For this purpose, it shall submit a Form No. 3889 (Annex V hereof) to each financial entity in which it has debts, which must be issued within 5 work days following the corresponding receipt.

1.2.3. The policyholder shall complete the Sworn Statement-Form No. 3890 (Annex VI) specifying the financial entities and amounts for which, up to the amount resulting from the exchange rate compensation, it requests cancellation of its debt. This form shall be submitted to the entity with which it contracted the foreign exchange insurance, enclosing all copies of Form No. 3889.

The aforementioned entity shall forward Form No. 3890 and annexes thereof (Forms Nos. 3889) to the Central Bank—Department of the General Secretary—on the first work day following reception thereof.

1.2.4. On the date indicated in the preceding section and after debiting the account mentioned in 1.2.1., the Central Bank shall proceed to:

1.2.4.1. credit the current accounts of the financial entities for the amounts of the debts that the policyholder is cancelling, and

1.2.4.2. apply the remaining balance, if any, to the subscription of the "Monetary Absorption Bond."

1.2.5. When the expiration of the foreign exchange insurance contract coincides with the date on which the policyholder is to receive the benefit of the system referred to in CAMEX Circular 1-3 (Communication "A" 33), these resources shall be allocated for cancellation of debts applied to the "Consolidated Loan" by subsequently applying the procedure specified in the preceding points.

1.3. Compensation to financial entities that participate in the placement and handling of financial services:

Financial entities authorized to trade in foreign exchange shall receive a commission of 0.5% for their participation in the placement and a commission of 0.1% for the handling of the financial services in both cases on the corresponding actual value.

2. *REGISTERED BONDS IN UNITED STATES DOLLARS—1st Series* (pursuant to the model of the Representative Security included as Annex I)

2.1. Characteristics of the securities offered:

2.1.1. Date of Issuance: November 26, 1982.

2.1.2. Term: 5 years.

2.1.3. Face value issued: US$2,000 million, in sheets of US$5,000; US$10,000; US$25,000; US$50,000 and US$100,000.

2.1.4. Interest rate: Variable, payable in United States dollars semi-annually at end of term, on 5/26 and 11/26 of each year, with the first payment due on 5/26/83. This rate, like the annual rate in effect for 180 day term eurodollar deposits in the London interbank market, shall be established by the Central Bank of the Argentine Republic on the basis of the arithmetic average of the rates quoted by its London correspondent banks at the close of business on the work day immediately preceding the start of each income period.

An additional rate of TWO (2) percent shall be added to this annual rate.

2.1.5. Repayment: Each security shall be repaid in four equal semi-annual installments of 25% each. The first instalment shall be due on May 26, 1986.

2.1.6. Title: The "Registered Bonds in United States Dollars—1st Series" shall be issued to the order of the creditors whose credits are being cancelled, as provided in article 2 of Decree No. 1334/82.

2.1.7. Negotiability: With the exception of the primary placement done by this Bank, the securities may not be the subject of a public offering within the territory of the Argentine Republic nor any transaction involving persons residing or domiciled in the country. Consequently, they may only be traded abroad and, in such case, each transfer must be reported by the transferring party, identifying the name and address of the new holder, and the number of each sheet transferred. The transfers must be reported by telex to the Central Bank of the Argentine

Republic at least 30 days prior to the maturity of each interest period. Under no circumstances may the Bonds be transferred to persons residing or domiciled in the Argentine Republic.

Transfers that are not reported pursuant to the form and terms provided in this point shall be considered null and void with respect to the issuer.

2.1.8. Payment of financial services: These shall be paid by the Central Bank of the Argentine Republic in United States dollars by transfer on the markets of New York, Frankfurt, London or Zurich for credit to the accounts that the holders indicate within the deadline provided in point 4.2. hereof or, if applicable, for credit to the account indicated by the subsequent beneficiaries by telex addressed to this Central Bank identifying the number and face value of the sheets assigned, which must be received at least 30 days prior to the maturity of each interest period.

The coupons corresponding to each service must be presented at least 30 days in advance to the foreign financial entities which this Central Bank shall inform in due time.

2.1.9. Early redemption: The Office of the Secretary of the Treasury may order the early redemption of all or part of the securities issued, for the value of the principal owed plus interest accrued.

2.1.10. Tax exemptions: The financial services of the "Registered Bonds in United States Dollars" shall be paid with no deduction whatsoever for assessments, taxes or rates,

present or future, effective in the Argentine Republic.

2.1.11. Placement and price: Pursuant to the procedure referred to in point 4., at a price equal to its nominal principal plus interest accrued as on the day of expiration of the foreign exchange insurance contract.

2.1.12. Certificates: While the sheets are being printed, non-transferrable and registered certificates shall be issued, stating the subscribed face value and the undertaking of the Central Bank to replace them with the bonds.

3. *OBLIGATIONS IN UNITED STATES DOLLARS OF THE NATIONAL GOVERNMENT (Decree No. 1336/82)*

3.1. Characteristics of the obligations issued between 11/26/82 and 3/31/83:

3.1.1. Basic text: Per model incorporated as Annex II.

3.1.2. Repayment: This shall be done in four semi-annual installments of 25% each, the first one falling due forty-two months after the date of issuance of each obligation.

3.1.3. Income: This shall be paid semi-annually at end of term, the first payment falling due six months after issuance of the obligation. The interest rate to be accrued shall equal the annual rate in effect for 180 day term euro-dollar deposits in the London interbank market. The Central Bank of the Argentine Republic shall establish it on the basis of the arithmetic average of the rates quoted by its London correspondent banks at the close of business on the work day immediately preceding the start

of each income period. An additional rate of TWO (2) percent shall be added to this annual rate.

3.1.4. Title: They shall be issued to the order of the creditors whose credits are being cancelled, as provided in article 2 of Decree No. 1336/82.

3.1.5. Negotiability: The securities may not be the subject of a public offering within the territory of the Argentine Republic nor transactions involving persons residing or domiciled in the country.

They may only be transferred to financial entities domiciled abroad and, in such case, the transaction must be reported by the transferring party, identifying the name and address of the beneficiary. These transfers must be reported by telex to the Central Bank of the Argentine Republic at least 30 days prior to the maturity of each interest period.

Under no circumstances may the Bonds be transferred to persons residing or domiciled in the Argentine Republic. Transfers that are not reported pursuant to the form and terms provided in this point shall be considered null and void with respect to the issuer.

3.1.6. Payment of financial services: These shall be paid by the Central Bank of the Argentine Republic in United States dollars by transfer, for credit to the accounts that the holder specifies on the memorandum whose model is attached as Annex II or, if applicable, for credit to the account indicated by the subsequent beneficiaries by telex addressed to this Central Bank, which must be received at least 30 days prior to the maturity of each interest period.

3.1.7. Tax exemptions: The services shall be paid without any deduction for assessments, taxes or rates, present or future, effective in the Argentine Republic.

3.1.8. Placement and Price: Pursuant to the procedure referred to in point 4., at a price equal to its par value.

4. *OPERATING PROCEDURES AND REQUIREMENTS IN CONNECTION WITH THE PLACEMENT OF THE "REGISTERED BONDS IN UNITED STATES DOLLARS" AND THE OBLIGATIONS IN DOLLARS OF THE NATIONAL GOVERNMENT (Decree No. 1336/82) DESCRIBED IN POINTS 2. AND 3.*

4.1. The delivery of the securities to the creditor shall be subject to the creditor's certifying and stating to this Institution that:

4.1.1. The credit that it maintains with the foreign exchange insurance policyholder corresponds, in amount and terms, to what the debtor has stated. (Memorandum sent by the debtor to the Central Bank shall be attached; per model attached as Annex IV).

4.1.2. Against delivery of the securities by the Central Bank of the Argentine Republic, it shall extinguish its loan to the foreign exchange insurance policyholder.

4.1.3. It acknowledges the right of the Central Bank of the Argentine Republic to request information about the loan granted to the foreign exchange insurance policyholder and shall assist in providing it.

4.2. The requirements set forth under point 4.1. shall be met, through a letter addressed to this Institution, using as a model the letter enclosed in Annex III,

selecting the securities described in points 2. or 3. hereof, designating the person authorized to withdraw them from this Institution and it shall specify the account into which the financial services are to be credited.

4.3. The policyholder must submit to the intervening financial entity the memorandum indicated in point 4.2., along with Form No. 3891 (Annex VII) which shall be delivered by the intervening bank to this Central Bank—Department of Foreign Exchange Operations, 3rd floor, office 304—until 3:00 p.m. of each day.

5. The purpose of the above provisions is compliance with the transactions provided in Communication "A" 251 (CAMEX-1-44) of November 17, 1982, except for the transactions considered in paragraph c) of section 1.2. thereof, for which the provisions of the Decree of the National Executive Power No. 1603 of 12/12/82 and regulatory standards thereof, publicized through Communication "A" 272 (CAMEX-1-45), shall apply.

In this regard, proposals under the provisions of the aforementioned paragraph c) must be submitted on Form No. 3892 (Annex VIII), to the Department of the General Secretary of this Bank, in the usual form, at least ten work days prior to the contract's expiration date.

Sincerely,

CENTRAL BANK OF THE ARGENTINE REPUBLIC

[signature]

Simon L. Guerberoff
Asst. Manager of
Public Finances

[signature]

Pedro Camilo Lopez
General Manager

ENCLOSURES

B.C.R.A.	MODELO DE TITULO REPRESENTATIVO DE LOS "BONOS NOMINATIVOS EN DOLARES ESTADOUNIDENSES"	Anexo I a la Com. "A" 278

[Text of Bonod]

B.C.R.A.	TEXTO BASICO DEL "PROMMISORY NOTE" (obligaciones en dólares estadounidenses del Gobierno Nacional)	Anexo II a la Com. "A" 278

US$ . . . . . US$ . . . . . .

(Date)

The Republic of Argentina ("PAYOR), acting through the Banco Central de la Republica Argentina ("BCRA") as its financial agent in accordance with Decrees N° 1336/82 and 1603/82 of the National Executive Power, promises to pay in (settlement of guarantee) of the debt of (debtor's name) to (creditor's name) ("PAYEE"), regardless of the capacity in which this promissory note has been delivered to him, the principal amount of

United States Dollars in four equal installments of United States dollars . . . . . each on . . . . . , and . . . . . , together with interest on the upaid balance hereof from time to time outstanding at a rate per annum equal to . . . . . percent over the LIBO rate (as hereinafter defined) from time to time in effect, which interest shall be payable semi-annually in arrears on . . . . . and . . . . . (each an "interest payment date") of each year and upon payment of this note in full. LIBO rate shall mean, for each semi-annual period commencing on an interest payment date during which any principal of this note is outstanding, the arithmetic

Spanish Text

mean of the respective rates quoted by the correspondents of BCRA in London as the rate at which deposits in United States dollars for periods of six months are offered to them by prime banks in the Eurodollar Interbank Market at the close of the London Banking day which is one London Banking day prior to such interest payment date. No later than each interest payment date, BCRA shall determine and advise Payee of the interest rate to be in effect for the period commencing on such interest payment date.

Spanish Text

All payments hereunder shall be made in lawful money of the United States of America by transfer for credit to the account of ..... N° ..... or for the account its transferee or assignee shall have designated in writing to BCRA for such purpose at least thirty days prior to the date on which any payment is due hereunder.

All payments to be made hereunder shall be made without deduction for or on account of any present or future taxes now or hereafter imposed by, or within the territory of, Payor or any political subdivision thereof.

B.C.R.A.	TEXTO BASICO DEL "PROMMISORY NOTE" (obligaciones en dólares estadounidenses del Gobierno Nacional)	Anexo II a la Com. "A" 278

The terms of this note may not be changed, waived, discharged, or terminated except by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought and shall inure to the benefit of and be enforceable by Payee, its successors and assigns, provided, however, that no transfer or assignment of this note shall be made by Payee (A) to any person other than a financial institution not domiciled in the Argentine Republic and (B) without giving written notice to BCRA of the name and domicile of the transferee or assignee, and provided further that any transfer in contravention of the foregoing shall be void and of no effect as against Payor and neither Payor nor any agent or instrumentality thereof shall be required to recognize or afford the same.

Spanish Text

Payor agrees and the holder of this note by its acceptance hereof agrees for itself and its successors and assigns, that any suit, action or proceeding arising out of or relating to this note must be instituted ...., to waive any objection which they may now or hereafter have to the laying

of the venue of any such suit, action or proceeding and irrevocably to submit to the jurisdiction of any such court in any such suit, action or proceeding.

In witness whereof, Payor has executed this note on the dated written above.

Spanish Text

BANCO CENTRAL DE LA
REPUBLICA ARGENTINA
AS FINANCIAL AGENT FOR LA
REPUBLICA ARGENTINA

BY:

B.C.R.A.	NOTA DEL ACREEDOR AL "B.C.R.A"	Anexo III a la Com. "A" 278

(Date)

RE: US$ ... LOAN AGREEMENT
DATED ..... WITH
..... AS BORROWER
AND ..... AS LENDER
(the "loan agreement")

TO
BANCO CENTRAL DE LA
REPUBLICA ARGENTINA:

We herewith confirm the information set forth in the letter dated , 198 from the borrower to Banco Central de la Republica Argentina ("BCRA"), a copy of which is attached.

Spanish Text

We further confirm and agree that (in lieu of the obligation of Borrower under the loan agreement or as guarantee for Borrower's obligations under the loan agreement) we shall accept: (1. or 2. or any mixture thereof)

1. Performance by la Republica Argentina in accordance with the terms of the promissory note attached hereto (the "promissory note") and to be

executed by BCRA as financial agent of la Republica Argentina.

2. REGISTERED BONDS DENOMINATED IN UNITED STATES DOLLARS issued in accordance with decrees Nos. 1334/82 and 1603/82 of the National Executive Power and Resolution No. 46/83 of BCRA.

All payments in respect of the (promissory note and/or the bonds) shall be made for credit to our account No. .

This accord and satisfaction shall be effective upon our receipt of the above mentioned (promissory note and/or bonds).

Spanish Text

Upon such receipt, we agree that all obligations of the borrower in respect of the loan agreement shall have been duly (discharged and satisfied or guaranteed).

We further recognize the authority of BCRA to inquire into information concerning the loan agreement and we agree to cooperate with BCRA in such endeavor.

Hereby we authorize ..... to receive in our behalf the (promissory note and/or the bonds).

B.C.R.A.	NOTA DEL ACREEDOR AL "B.C.R.A"	Anexo III a la Com. "A" 278

The foregoing is premised and conditioned upon the receipt of the (promissory note and/or the bonds) duly executed not later than 10 business days from the date hereof.

Spanish Text

Name of the creditor:

By:
Title

B.C.R.A.	NOTA DEL DEUDOR AL "B.C.R.A"	Anexo IV a la Com. "A" 278

TO
BANCO CENTRAL DE LA
REPUBLICA ARGENTINA

RE: US$...LOAN ARGREEMENT
DATED .....WITH
.....
AS LENDER (the "loan agreement")

With regard to the above-captioned loan agreement, we hereby represent and warrant to you as follows:

Spanish Text

1. As of the date hereof, our total obligation under the loan agreement is US$, of which US$ represent the unpaid principal balance and US$ represent accrued and unpaid interest thereon.

2. The applicable interest rate is (rate or formula).

3. The maturity date(s) of obligations under the loan agreement is

4. The name, address and telex number of the lender under the loan agreement are as follows:

B.C.R.A.	NOTA DEL DEUDOR AL "B.C.R.A"	Anexo IV a la Com. "A" 278

5. We hereby authorize you to contact the (name of creditor) or any other bank participating in this credit in order to verify the above terms of the loan agreement and any other terms thereof or related thereto which you may deem relevant. We acknowledge that any such inquiry on your part will not constitute an invasion of our privacy or infringe any other rights we may possess, and we intend hereby to waive any right we may have under Argentine law, the federal law of the United States of America or the law of any state or local subdivision thereof. (If any credits are from non-United States Banks the names of those countries should be inserted instead).

Spanish Text

Debtor:
By:
Title

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

AFFIDAVIT OF ACCURACY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

This is to certify that the attached translation no. 728 (pages 10-12) is an accurate, true and complete rendition from Spanish into English of Decree 772 pertaining to Banco Central de la Republica Argentina to the best of my knowledge and belief.

RENNERT BILINGUAL TRANSLATIONS

/s/ OLGA GARDNER
By Olga Gardner
Assistant Director, Translations

SWORN TO AND
SUBSCRIBED BEFORE ME
THIS 4TH DAY OF APRIL 1990

/s/ BRUCE J. LEVINE
BRUCE J. LEVINE
NOTARY PUBLIC,
STATE OF NEW YORK
NO. 24-4248203
Qualified in Kings County
Commission Expires Jan. 27, 1991

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

DECREES

Public Debt

The Ministry of Economy is empowered temporarily to extend amortizations of principal corresponding to Registered Bonds in United States dollars (Bonods) and Foreign Public Debt Securities (Promissory Notes).

DECREE
No. 772
Buenos Aires, 5/23/86

IN VIEW OF the need to implement the refinancing policy applicable to foreign indebtedness, and

WHEREAS:

In 1982, as the situation of foreign payments became critical due to the lack of sufficient currency reserves to face all foreign obligations, the Government of the Argentine Republic initiated, as part of its international monetary policy, a Public-Sector refinancing program which included, among other obligations, those obligations related to the expiration of the exchange insurance contracts in existance at that time between certain Argentine debtors and the Central Bank of the Argentine Republic.

Whereas said program was part of another, larger program which includes other governments and international organizations.

Whereas, as of May 26, 1986, the instalments of principal of—"Bonods" and "Promissory Notes"—debt securities issued to facilitate the refinancing of the obligations related to the expirations of said exchange insurance contracts, pursuant to Communication "A" 251 of the Central Bank of the Argentine Republic dated November 17, 1982 and the standards of Decrees of the National Executive Power No. 1334 and No. 1336, both dated November 16, 1983, and No. 1603 of December 21, 1982, began to fall due.

Whereas the country continues to have insufficient currency reserves to handle all the maturities of principal and interest of the Public Sector, including those corresponding to "Bonods" and "Promissory Notes" and therefore is has become necessary to continue implementing an ordered system of allocating scarce currencies giving equal and impartial treatment to all creditors within the general framework of negotiations of the foreign debt.

Whereas the negotiations of the foreign debt aiming to establish the situation relative to foreign payments include the refinancing of the maturities of principal and obtainment of additional financing, and constitute a full and complete exercise comprising the continued participation of multilateral finance and development organizations such as the International Monetary Fund and the World Bank, other governmental entities of credit and credit insurance for foreign export, commercial banks and other creditors.

Whereas, in accordance with the legal duties and responsibilities of the National Executive Power, it is necessary to establish alternative mechanisms to handle maturities of principal of "Bonods" and "Promissory Notes" for the purpose of presenting the holders with a new payment program.

Whereas this decision is an essential element for the Government of the Argentine Republic to comply with the policy of development and to face the lack of sufficient currency reserves, and is adopted exclusively for the purpose of implementing the Government's monetary policy to confront the continued foreign-payments crisis besetting the country.

Wheras, pursuant to the provisions of article 4 of Law No. 20.639, it is the duty of the Ministry of Economy to give general directives to the Central Bank of the Argentine Republic in matters of economic, monetary and financial policy.

Whereas, in accordance with the provisions of article 86, paragraph 1 of the National Constitution, the National Executive Power is empowered to approve transactions such as those considered by this Decree.

Therefore,

THE PRESIDENT
OF THE ARGENTINE NATION
DECREES

Art. 1—The Ministry of Economy is empowered temporarily to extend for one hundred eighty (180) days, reckoning from the respective maturity dates, the amortizations of principal produced as of May 26, 1936, corresponding to the Registered Bonds in United States dollars ("Bonods") and Foreign Public Debt Securities ("Promissory Notes") issued pursuant to Decrees No. 1334 and 1336, both dated November 16, 1982, and No. 1603 dated December 21, 1982, and Communication "A" 251 of the Central Bank of the Argentine Republic dated November 17, 1982.

Art. 2—The Ministry of Economy is empowered to establish the characteristics, terms and other conditions that the extension indicated in article 1 hereof shall have.

Art. 3—The Ministry of Economy is empowered to establish a definitive system to handle the obligations indicated in article 1 of this Decree.

Art. 4—The Ministry of Economy, using the powers vested in it by article 4 of Law No. 20.539, shall instruct the Central Bank of Argentina so that, in its capacity as financial agent of the State, it may dictate the standards and establish the procedures necessary for compliance with this Decree.

Art. 5—Communicate, publish, give to the National Office of the Public Registry and file.

ALFONSIN
Juan V. Sourrouille
Mario S. Brodersohn

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

AFFIDAVIT OF ACCURACY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

This is to certify that the attached translation no. _____ is an accurate, true and complete rendition from Spanish into English of a RESOLUTION dated May 23, 1986 in Buenos Aires to the best of my knowledge and belief.

RENNERT BILINGUAL TRANSLATIONS

/s/ OLGA GARDNER
By Olga Gardner
Assistant Director, Translations

SWORN TO AND
SUBSCRIBED BEFORE ME
THIS 4TH DAY OF APRIL 1990

/s/ BRUCE J. LEVINE
BRUCE J. LEVINE
NOTARY PUBLIC,
STATE OF NEW YORK
NO. 24-4248203
Qualified in Kings County
Commission Expires Jan. 27, 1991

RESOLUTION

Buenos Aires
May 23, 1986

Ministry of Economy

IN VIEW OF the provisions of Decree No. 772 of May 23, 1986 and

WHEREAS, in conformance with Art. 4 of Law No. 20,539, this MINISTRY OF ECONOMY has the power to impart general directives to the CENTRAL BANK OF THE REPUBLIC OF ARGENTINA in matters of Economic, Monetary and Financial Policy:

THEREFORE,

THE MINISTRY OF ECONOMY OF THE NATION

RESOLVES:

ARTICLE 1—To extend payment of the capital maturity dates corresponding to REGISTERED BONODS in UNITED STATES DOLLARS ("BONODS") and "PROMISSORY NOTES" issued in conformance with Decree Nos. 1334 and 1336, both dated November 16, 1982, and No. 1603 dated December 21, 1982, and communication "A" 251 of the CENTRAL BANK OF THE REPUBLIC OF ARGENTINA dated November 17, 1982.

ARTICLE 2—To propose to the registered holders of "BONODS" and to the authorized holders of "PROMISSORY NOTES" that the extension of those obligations be implemented domestically by means of provisional documents to be issued by the CENTRAL BANK OF THE REPUBLIC OF ARGENTINA, as Financial Agent of the Government, in conformance with the terms and conditions established in Art. 3 of this Resolution.

ARTICEL 3—The extensions mentioned in this Resolution corresponding to maturity dates arising as of May 26, 1986 up until September 30, 1986 shall be for a period of ONE HUNDRED EIGHTY DAYS (180) from the respective maturity

dates. Interest shall be paid at the end of the extension period of ONE HUNDRED EIGHTY DAYS (180) in accordance with the following terms and conditions:

a) in the case of "BONODS" and "PROMISSORY NOTES" at LIBO rate, they shall bear interest of ONE AND THREE EIGHTHS PER CENT (1-3/8%) annually over the ONE HUNDRED EIGHTY DAY (180) LIBO rate;

b) in the case of "BONODS" and "PROMISSORY NOTES" at PRIME rate, they shall, at the creditor's option, bear interest of ONE AND THREE EIGHTHS PER CENT (1-3/8%) annually over the ONE HUNDRED EIGHTY DAY (180) LIBO rate or ONE PER CENT (1%) annually over the "PRIME" rate, which shall be substituted by ONE AND THREE EIGHTHS PER CENT (1-3/8%) annually over the ONE HUNDRED EIGHTY DAY (180) Certificate of Deposit rate adjusted for extensions beginning with official publication of the Law which authorizes that rate.

The additional rates established in a) and b) shall be subject to retroactive adjustment in conformance with the additional rates to be granted under the Argentine Financial Plan for 1986, as follows:

1) if that program becomes effective on June 30, 1986 or prior to that date, on the effective date of all extensions that have taken place beginning from May 26, 1986 inclusive;

2) if that program does not become effective on June 30, 1986 or before, but becomes effective on September 15, 1986 or on a previous date, the effective date of all the extensions that have taken place beginning from July 1, 1986 inclusive.

For any refinancing subsequent to those maturity dates, creditors may choose between the applicable LIBO rate or the applicable DOMESTIC rate. In the event the "BONOD" or "PROMISSORY NOTE" has been delivered to a creditor in guarantee of a private debt, the document of extension shall be retained in guarantee. In that case, the maturity date and foreign financial obligation for the debt originating in the

private sector must be the same as that provided in the document of extension.

THE CENTRAL BANK OF THE REPUBLIC OF ARGENTINA shall exchange, at any time during the period of extension and at the creditor's option, "BONODS" or "PROMISSORY NOTES" issued in guarantee of the debt of a borrower in the private sector, for another "BOND", "PROMISSORY NOTE", or provisional document that corresponds in payment of that debt of the private sector borrower.

ARTICLE 4—Upon the provisional extension established in Articles 2 and 3 of this Resolution, these obligations shall form part of the general program of refinancing applicable to any financial maturity dates arising in the period comprised in this program and they shall have the same terms and conditions to be established by that refinancing.

ARTICEL 5—To inform the CENTRAL BANK OF THE REPUBLIC OF ARGENTINA, in its capacity as Financial Agent of the Government, to communicate to the registered or authorized holders of the documents described in Article 1 hereof that payment of capital by maturing installments is extended, in accordance with the terms and conditions mentioned in Article 3 and to authorize the CENTRAL BANK OF THE REPUBLIC OF ARGENTINA to carry out the procedures for implementing the temporary extension, and then to include these obligations in the new program of general refinancing.

ARTICLE 6—For release, publication, delivery to the National Office of Official Registration, and filing.

[s/signature]
Juan Vital Sourrouille
Minister of Economy

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DE BANCNACION ARGENTINA NEW YORK MAY 23, 1986

TO: BANK LEUMI TRUST CO NEW YORK

ATTN: INTL'L DIVISION

LATIN AMERICA
ARGENTINE DESK

TLX 9004

WE RELAY THIS MESSAGE AT BANCO CENTRAL DE LA REPUBLICA ARGENTINA'S REQUEST, WITHOUT RESPONSIBILITY OR ENGAGEMENT ON OUR PART:

QUOTE" YOUR BANK HAS BEEN INDICATED TO BANCO CENTRAL OF ARGENTINA AS PAYING BANK BY SEVERAL HOLDERS OF BONOD'S AND/OR PROMISSORY NOTES.

WE KINDLY REQUEST YOU TO DELIVER TO THOSE HOLDERS, CUSTOMERS OF YOURS, A COPY OF THE FOLLOWING TELEX WITHOUT ANY RESPONSIBILITY ON YOUR PART. IN THE FOLLOWING DAYS, BANCO CENTRAL WILL BE TRANSMITTING TO YOUR BANK PAYMENT INSTRUCTIONS RELATED TO THE INTEREST PORTION OF BONOD'S AND PROMISSORY

NOTES FALLING DUE FROM 26TH MAY ONWARDS. THOSE PAYMENT INSTRUCTIONS WILL INCLUDE A COMPLETE LIST OF BENEFICIARIES TO WHOM WE WOULD WISH YOU TO DELIVER THE MESSAGE.

THOSE CUSTOMERS OF YOURS WHOM YOU MIGHT HAVE IDENTIFIED AS HOLDERS OF BONOD'S AND/ OR PROMISSORY NOTES.

OVER THE PAST FIVE YEARS ARGENTINA HAS HAD TO DEAL WITH A PERSISTENT SHORTAGE OF FOREIGN EXCHANGE THROUGH A COMPLEX SERIES OF ARRANGEMENTS INVOLVING THE REFINANCING OF PRINCIPAL MATURITIES OF PUBLIC AND PRIVATE SECTOR OBLIGATIONS, THE REFINANCING OF PRINCIPAL AND INTEREST MATURITIES OWED TO NON-ARGENTINE OFFICIAL AGENCIES, TRADE AND MONEY MARKET MAINTENANCE FACILITIES AND THE EXTENSION OF VERY SUBSTANTIAL NEW CREDITS FROM BANKS AND INTERNATIONAL ORGANIZATIONS IN ORDER TO HELP MEET THESE FOREIGN EXCHANGE SHORTAGES. AGREEMENTS WITH INTERNATIONAL ORGANIZATIONS, INCLUDING THE IMF AND WITH VARIOUS OTHER GOVERNMENTS. THROUGH THE SUCCESSFUL IMPLEMENTATION OF THIS COMPREHENSIVE PROGRAM A NECESSARY STABILITY HAS BEEN ESTABLISHED IN ARGENTINA'S FOREIGN EXCHANGE SITUATION.

CONSISTENT WITH THIS ONGOING PROGRAM AND IN ORDER TO IMPLEMENT ITS INTERNATIONAL MONETARY POLICY AND THIS POLICY OF EQUITABLY ALLOCATING AVAILABLE FOREIGN EXCHANGE SO AS TO ASSURE THE PARI PASSU TREATMENT OF CREDITORS, THE REPUBLIC OF ARGENTINA HAS IN THE EXERCISE OF ITS SOVEREIGN RESPONSIBILITIES, DIRECTED THE BANCO CENTRAL, ACTING AS ITS FISCAL AGENT, TO MAKE THE REQUEST SET FORTH BELOW, WHICH RELATES TO THE PRINCI-

PAL MATURITIES OF BONOD'S AND PROMISSORY NOTES.1

INTEREST ON ALL ROLLED OVER MATURITIES WILL BE PAID AS IT BECOMES DUE.

THE FOLLOWING PRINCIPLES APPLY TO EACH HOLDER OF BONOD'S AND/OR PROMISSORY NOTES AS IS APPROPRIATE TO THE CIRCUMSTANCES OF SUCH HOLDER:

A. TO HOLDERS OF A-251 LIBO RATE BONOD'S AND NOTES RECEIVED IN PAYMENT.

BANCO CENTRAL, ACTING AS FINANCIAL AGENT OF THE REPUBLIC OF ARGENTINA, REQUESTS ALL HOLDERS OF LIBO RATE PROMISSORY NOTES AND BONOD'S (THE "INSTRUMENTS") ISSUED PURSUANT TO THE A-251 PROGRAM RELATING TO EXCHANGE INSURANCE CONTRACTS AND RECEIVED IN PAYMENT TO AGREE TO A 180 DAYS ROLLOVER OF THE PRINCIPAL INSTALLMENTS OF SUCH INSTRUMENTS FALLING DUE BETWEEN MAY 1, 1986 AND SEPTEMBER 30, 1986. SUBJECT TO THE ADJUSTMENT REFERRED TO BELOW, INTEREST ON THE PROPOSED ROLLOVER SHALL ACCRUE AT 1 3/8 PERCENT PER ANNUM ABOVE THE 180 DAY LIBO RATE (AS SUCH INTEREST RATE IS DEFINED AND DETERMINED IN THE RESPECTIVE INSTRUMENT).

B. TO HOLDERS OF A-251 PRIME RATE BONOD'S AND NOTES RECEIVED IN PAYMENT.

BANCO CENTRAL, ACTING AS FINANCIAL AGENT OF THE REPUBLIC OF ARGENTINA REQUESTS ALL HOLDERS OF PRIME RATE PROMISSORY NOTES AND BONOD'S (THE "INSTRUMENTS") ISSUED PURSUANT TO THE A-251 PROGRAM RELATING TO EXCHANGE INSURANCE CONTRACTS AND RECEIVED IN PAYMENT TO AGREE TO A 180 DAYS ROLLOVER OF THE PRINCIPAL INSTALLMENTS OF SUCH INSTRUMENTS

FALLING DUE BETWEEN MAY 1, 1986 AND SEPTEMBER 30, 1986.
SUBJECT TO THE ADJUSTMENT REFERRED TO BELOW INTERESTS THE PROPOSED 180 DAYS ROLLOVER SHALL ACCRUE, AT THE OPTION OF THE REGISTERED HOLDER TO BE SPECIFIED IN SUCH HOLDER'S TELEX RESPONSE.

(I) AT 1 3/8 PERCENT PER ANNUM ABOVE THE 180 DAYS LIBO RATE (AS SUCH RATE IS DEFINED AND DETERMINED IN BANCO CENTRAL COMMUNICATION A-278, THE "LIBOR RATE OPTION"), OR

(II) AT (A) IF THE ROLLOVER BEGINS ON OR PRIOR TO THE OFFICIAL PUBLICATION OF THE ENACTMENT OF A LAW AUTHORIZING A 180 DAYS ADJUSTED CERTIFICATE OF DEPOSIT RATE, ONE PERCENT PER ANNUM OVER THE PRIME RATE (AS SUCH RATE IS DEFINED AND DETERMINED IN THE RESPECTIVE INSTRUMENT) (THE "PRIME RATE OPTION") OR

(B) IF THE ROLLOVER BEGINS AFTER THE OFFICIAL PUBLICATION OF THE ENACTMENT OF A LAW AUTHORIZING A 180 DAYS ADJUSTED CERTIFICATE OF DEPOSIT RATE, 1 3/8 PERCENT PER ANNUM OVER THAT RATE (AS SUCH RATE IS DEFINED AND DETERMINED IN BANCO CENTRAL COMMUNICATION "A" 695) (THE "ADJUSTED CD RATE OPTION").

C. TO HOLDERS OF A-251 LIBO RATE BONOD'S AND NOTES RECEIVED IN GUARANTEE.

BANCO CENTRAL, ACTING AS FINANCIAL AGENT OF THE REPUBLIC OF ARGENTINA, REQUESTS ALL HOLDERS OF LIBO RATE PROMISSORY NOTES AND BONOD'S (THE "INSTRUMENTS") ISSUED PURSUANT TO THE A-251 PROGRAM RELATING TO EXCHANGE INSURANCE CONTRACTS AND RECEIVED IN GUARANTEE TO AGREE TO A 180 DAYS ROLLOVER OF

THE PRINCIPAL INSTALLMENTS OF SUCH INSTRUMENTS FALLING DUE BETWEEN MAY 1, 1986 AND SEPTEMBER 30, 1986. SUBJECT TO THE ADJUSTMENT REFERRED TO BELOW, INTEREST ON THE PROPOSED ROLLOVER SHALL ACCRUE AT 1 3/8 PERCENT PER ANNUM ABOVE THE 180 DAY LIBO RATE (AS SUCH INTEREST RATE IS DEFINED AND DETERMINED IN THE RESPECTIVE INSTRUMENT). THESE ROLLOVER INSTRUMENTS WILL CONTINUE TO BE HELD IN GUARANTEE AND THE MATURITY AND THE EXTERNAL FINANCIAL OBLIGATION OF THE UNDERLYING PRIVATE SECTOR DEBT SHOULD BE THE SAME AS PROVIDED IN THIS ROLLOVER. BANCO CENTRAL WILL AT ANY TIME DURING THE ROLLOVER PERIOD, AT THE OPTION OF THE CREDITOR, EXCHANGE A A-251 BONOD OR PROMISSORY NOTE ISSUED IN GUARANTEE OF THE DEBT OF A PRIVATE SECTOR BORROWER FOR ANOTHER A-251 BONOD OR PROMISSORY NOTE IN PAYMENT OF + PRIVATE SECTOR BORROWER'S DEBT.

D. TO HOLDERS OF A-251 PRIME RATE BONOD'S AND NOTES RECEIVED IN GUARANTEE.

BANCO CENTRAL, ACTING AS FINANCIAL AGENT OF THE REPUBLIC OF ARGENTINA, REQUESTS ALL HOLDERS OF PRIME RATE PROMISSORY NOTES AND BONOD'S (THE "INSTRUMENTS") ISSUED PURSUANT TO THE A-251 PROGRAM RELATING TO EXCHANGE INSURANCE CONTRACTS AND RECEIVED IN GUARANTEE TO AGREE TO A 180 DAYS ROLLOVER OF THE PRINCIPAL INSTALLMENTS OF SUCH INSTRUMENTS FALLING DUE BETWEEN MAY 1, 1986 AND SEPTEMBER 30, 1986.

SUBJECT TO THE ADJUSTMENT REFERRED TO BELOW, INTEREST ON THE PROPOSED 180 DAYS ROLLOVER SHALL ACCRUE, AT THE OPTION OF THE REGISTERED HOLDER TO BE SPECIFIED IN SUCH HOLDER'S TELEX RESPONSE.

(I) AT 1 3/8 PERCENT PER ANNUM ABOVE THE 180 DAYS LIBO RATE (AS SUCH RATE IS DEFINED AND DETERMINED IN BANCO CENTRAL COMMUNICATION "A" 278 (THE "LIBO RATE OPTION"), OR

(II) AT (A) IF THE ROLLOVER BEGINS ON OR PRIOR TO THE OFFICIAL PUBLICATION OF THE ENACTMENT OF A LAW AUTHORIZING A 180 DAYS ADJUSTED CERTIFICATE OF DEPOSIT RATE, ONE PERCENT PER ANNUM OVER THE PRIME RATE (AS SUCH RATE IS DEFINED AND DETERMINED IN THE RESPECTIVE INSTRUMENT) (THE "PRIME RATE OPTION") OR

(B) IF THE ROLLOVER BEGINS AFTER THE OFFICIAL PUBLICATION OF THE ENACTMENT OF A LAW AUTHORIZING A 180 DAYS ADJUSTED CERTIFICATE OF DEPOSIT RATE, 1 3/8 PERCENT PER ANNUM OVER THAT RATE (AS SUCH RATE IS DEFINED AND DETERMINED IN BANCO CENTRAL COMMUNICATION "A" 695 (THE "ADJUSTED CD RATE OPTION").

THESE ROLLED-OVER INSTRUMENTS WILL CONTINUE TO BE HELD IN GUARANTEE AND THE MATURITY AND THE EXTERNAL FINANCIAL OBLIGATION OF THE UNDERLYING PRIVATE SECTOR DEBT SHOULD BE THE SAME AS PROVIDED IN THIS ROLLOVER. BANCO CENTRAL WILL AT ANY TIME DURING THE ROLLOVER PERIOD, AT THE OPTION OF THE CREDITOR, EXCHANGE A A-251 BONOD OR PROMISSORY NOTE ISSUED IN GUARANTEE OF THE DEBT OF A PRIVATE SECTOR BORROWER FOR ANOTHER A-251 BONOD OR PROMISSORY NOTE IN PAYMENT OF SUCH PRIVATE SECTOR BORROWER'S DEBT.

E. TO ARGENTINE PRIVATE DEBTORS WHICH RECEIVED A-251 LIBO RATE BONOD'S AND NOTES (THE "INSTRUMENTS") ISSUED IN THEIR NAME AND TO FOREIGN CREDITORS SECURITY

OF WHICH INDEBTEDNESS THE ARGENTINE PRIVATE DEBTORS PLEDGED SUCH INSTRUMENT.

BANCO CENTRAL, ACTING AS FINANCIAL AGENT OF THE REPUBLIC OF ARGENTINA, REQUESTS ALL ARGENTINE PRIVATE DEBTORS AND FOREIGN CREDITORS TO AGREE TO A 180 DAYS ROLLOVER OF THE PRINCIPAL INSTALLMENTS OF SUCH INSTRUMENTS FALLING DUE BETWEEN MAY 1, 1986 AND SEPTEMBER 30, 1986. SUBJECT TO THE ADJUSTMENT REFERRED TO BELOW, INTEREST ON THE PROPOSED ROLLOVER SHALL ACCRUE AT 1 3/8 PERCENT PER ANNUM ABOVE THE 180 DAY LIBO RATE (AS SUCH INTEREST RATE IS DEFINED AND DETERMINED IN THE RESPECTIVE INSTRUMENT).

THESE ROLLED-OVER INSTRUMENTS WILL CONTINUE TO BE HELD IN GUARANTEE AND THE MATURITY AND THE EXTERNAL FINANCIAL OBLIGATION THE UNDERLAYING PRIVATE SECTOR DEBT SHOULD BE THE SAME AS PROVIDED IN THIS ROLLOVER. BANCO CENTRAL WILL AT ANY TIME DURING THE ROLLOVER PERIOD, AT THE OPTION OF THE CREDITOR, EXCHANGE A A-251 BONOD OR PROMISSORY NOTE ISSUED IN GUARANTEE OF THE DEBT OF A PRIVATE SECTOR BORROWER FOR ANOTHER A-251 BONOD OR PROMISSORY NOTE IN PAYMENT OF SUCH PRIVATE SECTOR BORROWER'S DEBT.

F. TO ARGENTINE PRIVATE DEBTORS WHICH RECEIVED A-251 PRIME RATE BONOD'S AND NOTES (THE "INSTRUMENTS") ISSUED IN THEIR NAME AND TO FOREIGN CREDITORS IN SECURITY OF WHICH INDEBTEDNESS THE ARGENTINE PRIVATE DEBTORS PLEDGED SUCH INSTRUMENTS.

BANCO CENTRAL, ACTING AS FINANCIAL AGENT OF THE REPUBLIC OF ARGENTINA, REQUESTS ALL ARGENTINE PRIVATE DEBTORS AND FOREIGN

CREDITORS TO AGREE TO A 180 DAY ROLLOVER OF THE PRINCIPAL INSTALLMENTS OF SUCH INSTRUMENTS FALLING DUE BETWEEN MAY 1, 1986 AND SEPTEMBER 30, 1986.

SUBJECT TO THE ADJUSTMENT REFERRED TO BELOW, INTEREST ON THE PROPOSED 180 DAYS ROLLOVER SHALL ACCRUE, AT THE OPTION OF THE REGISTERED HOLDER TO BE SPECIFIED IN SUCH HOLDER'S TELEX RESPONSE.

(I) AT 1 3/8 PERCENT PER ANNUM ABOVE THE 180 DAYS LIBO RATE (AS SUCH RATE IS DEFINED AND DETERMINED IN BANCO CENTRAL COMMUNICATION "A" 278 (THE "LIBO RATE OPTION"), OR

(II) AT (A) IF THE ROLLOVER BEGINS ON OR PRIOR TO THE OFFICIAL PUBLICATION OF THE ENACTMENT OF A LAW AUTHORIZING A 180 DAY ADJUSTED CERTIFICATE OF DEPOSIT RATE, ONE PERCENT PER ANNUM OVER THE PRIME RATE (AS SUCH RATE IS DEFINED AND DETERMINED IN THE RESPECTIVE INSTRUMENT) (THE "PRIME RATE OPTION") OR

(B) IF THE ROLLOVER BEGINS AFTER THE OFFICIAL PUBLICATION OF THE ENACTMENT OF A LAW AUTHORIZING A 180 DAY ADJUSTED CERTIFICATE OF DEPOSIT RATE, 1 3/8 PERCENT PER ANNUM OVER THAT RATE (AS SUCH RATE IS DEFINED AND DETERMINED IN BANCO CENTRAL COMMUNICATION "A" 695 (THE "ADJUSTED CD RATE OPTION").

THESE ROLLED-OVER INSTRUMENTS WILL CONTINUE TO BE HELD IN GUARANTEE AND THE MATURITY AND THE EXTERNAL FINANCIAL OBLIGATION OF THE UNDERLYING PRIVATE SECTOR DEBT SHOULD BE THE SAME AS PROVIDED IN THIS ROLLOVER.

BANCO CENTRAL WILL AT ANY TIME DURING THE ROLLOVER PERIOD, AT THE OPTION OF THE CREDITOR, EXCHANGE A A-251 BONOD OR PROMISSORY NOTE ISSUED IN GUARANTEE OF THE DEBT OF A PRIVATE SECTOR BORROWER FOR ANOTHER A-251 BONOD OR PROMISSORY NOTE IN PAYMENT OF SUCH PRIVATE SECTOR BORROWER'S DEBT.

THE GOVERNMENT OF ARGENTINA INTENDS TO INCLUDE ITS NEW FINANCING PROGRAM TO BE ISSUED TO THE INTERNATIONAL BANKING COMMUNITY IN 1986, A PROPOSAL FOR THE REFINANCING OF THESE ROLLED-OVER MATURITIES TOGETHER WITH OTHER MATURITIES OF THESE INSTRUMENTS OCCURRING DURING THE YEAR FOR WHICH REFINANCING OF THE PUBLIC SECTOR DEBT IS REQUESTED, WHICH IN TOTAL REPRESENT DOLLAR 3.8 BILLION, ON A BASIS SIMILAR TO OTHER PUBLIC AND PRIVATE SECTOR DEBT.

THEREFORE, AS WE HAVE REQUESTED WITH OTHER MATURITIES FALLING DUE DURING THIS SAME PERIOD, WE ARE ALSO REQUESTING, AS PART OF THIS ROLLOVER REQUEST, THAT THE MARGIN FOR THE ABOVE REQUESTED ROLLOVER BE RETROACTIVELY ADJUSTED TO THE MARGIN PROVIDED IN THE NEW FINANCING PROGRAM (I) IF SUCH PROGRAM IS ISSUED ON OR PRIOR TO JUNE 30, 1986, TO THE VALUE DATE OF ALL ROLLOVERS OCCURRING ON OR AFTER MAY 1, 1986 OR (II) IF SUCH PROGRAM IS NOT ISSUED ON OR PRIOR TO JUNE 30, 1986 BUT IS ISSUED ON OR PRIOR TO SEPTEMBER 15, 1986, TO THE VALUE DATE OF ALL ROLLOVERS OCCURRING ON OR AFTER JULY 1, 1986.

WE WOULD APPRECIATE YOUR CONFIRMATION OF YOUR ACCEPTANCE TO THE ROLLOVER HEREIN REQUESTED BY REMITTANCE OF THE FOLLOWING TELEX TO BANCO CENTRAL.

UPON RECEIPT OF THE ACCEPTANCE FORM DULY SIGNED, BANCO CENTRAL WILL DELIVER TO YOU THE RELEVANT COUPON STATING THAT INTEREST HAS BEEN PAID AND PRINCIPAL WILL BE SUBJECT TO A 180 DAYS ROLLOVER.

SIGNATURE

ACCEPTANCE FORM

TO: BANCO CENTRAL DE LA REPUBLICA
ARGENTINA
DEPARTAMENTO DE DEUDA PUBLICA
(NAME OF INSTITUCION) IS THE HOLDER OF
BONOD
NUMBER IN THE FACE AMOUNT OF
WITH A PRINCIPAL MATURITY DATE OF
WE HEREBY AGREE TO ROLL OVER THIS
PRINCIPAL MATURITY FOR 180 DAYS ON THE
TERMS SET FORTH IN THE TELEX DATED
FROM THE BANCO CENTRAL. THE BASE RATE FOR
INTEREST ON THIS ROLLOVER SHALL BE .

REGARDS

ALFREDO J. CONCEPCION
PRESIDENT
BANCO CENTRAL DE
LA REPUBLICA
ARGENTINA

MARIO BRODERSOHN
SECRETARY OF TREASURY

UNQUOTE

REGARDS

BANCNACION NEW YORK

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PRINTED AT 1905 EST 05/27/86

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

AFFIDAVIT OF ACCURACY

STATE OF NEW YORK)
) ss. :
COUNTY OF NEW YORK)

This is to certify that the attached translation no. S184E is an accurate, true and complete rendition from Spanish into English of Banco Central de la Republica Argentina ANNUAL REPORT 1983 to the best of my knowledge and belief.

RENNERT BILINGUAL TRANSLATIONS

/s/ OLGA GARDNER
By Olga Gardner
Assistant Director, Translations

SWORN TO AND
SUBSCRIBED BEFORE ME
THIS 16TH DAY OF APRIL 1990

/s/ BRUCE J. LEVINE
BRUCE J. LEVINE
NOTARY PUBLIC,
STATE OF NEW YORK
NO. 24-4248203
Qualified in Kings County
Commission Expires Jan. 27, 1991

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

BCRA ANNUAL REPORT
1983

INTRODUCTION

For the Argentine economy, the year 1983 marks the culmination of a process initiated halfway through the last decade that generated one of the most profound crises in the country's history. The economic policy adopted during the year was oriented towards managing that crisis. Despite the efforts made, the transfer of power to the constitutional government took place in a setting characterized by increased inflationary pressures, fiscal and financial imbalances, and an inconclusive, unconsolidated process of foreign debt renegotiation.

Against this backdrop, the Argentine economy has been distinguished by three basic characteristics, all of which have contributed to bringing about the present state of affairs. First and foremost, a high inflation rate: while prior to 1964 the annual inflation indices had exceeded 100% only in the year 1959, starting in 1975 they were never below this percentage, with the single exception of the index of wholesale price increases, which was 75.4%. Second, the economy showed a persistent tendency to fall into recessive situations: while the gross national product (GNP) declined in only four of the twenty-five years prior to 1975 (none of them in the ten-year period preceding 1975), it declined in five of the nine years between 1975 and 1983. As a result, the per-capita GNP was lower in 1983 than it had been in 1970, with significant reductions in the real wages of huge segments of the population brought about by decreased actual wages and an aggregate increase in unemployment and underemployment rates in the area of labor. The case was similar with investment, a fact of great importance since the development of investment creates the climate for long-term economic progress.

Headings to graphs:

1. Consumer Price Index
   Variations between general levels and those of previous year.

2. Progress of GNP
   By factor cost
   Variations from previous year.

Finally, the Argentine foreign debt, which had been 7,875 million dollars in 1975, slightly surpassed 45,000 million dollars in 1983. Some macroeconomic indicators provide illustrations of the seriousness of the situation generated by the process of indebtedness. Thus foreign debt, which at the end of 1975 was equivalent to somewhat less than three times the exports for that year, came to represent almost six times the exports for the year 1983. The annual interest generated by foreign debt at the end of 1975 amounted to approximately 1% of the gross national product, 4% of national savings, and 16% of exports. By 1983 these relationships had reached about 8%, 67% and 70% respectively.

The economic policy implemented as of April 1976 was geared toward reversing the development model of preceding decades, basically with respect to the roles of the foreign sector and the State. In accordance with that strategy, Argentina's full participation in world markets for capital and merchandise would constitute a fundamental pillar of sustained, long-term economic growth. Similarly, the reproportioning of State structures through size reduction and modifications of function would free up productive elements to be more efficiently used by the private sector. All of this was to take place as part of an economic plan in which the market would regain its central place in the allocation of resources.

The achievement of these long-term objectives was conditioned upon abatement of the inflationary process, and not merely with respect to the levels recorded since 1975. It was

hoped that in the future, the rate of price increases would bear some relationship to international averages.

The anti-inflationary measures implemented were based, initially, upon the decline in actual wages, followed by a phasae called a price "truce" and then by "disindexation" of the economy, which translated into a delay in adjusting certain key macroeconomic variables. After a deceleration in the inflationary process achieved in the first months, the steps described were incapable of reducing the minimum price increase levels below about 150% annually (the percentage recorded for the years 1977 and 1978).

At the end of 1978, the failure of stabilization efforts led economic authorities, for anti-inflationary reasons, to utilize long-term instruments associated with the so-called "monetary focus of the balance of payments."

The financial reforms of June 1977, which made the free determination of interest rates possible, was complemented by the elimination of restrictions on capital import and export. Since Argentina was a relatively small borrower in the international credit market, it was hoped that domestic interest rates would end up adjusting to international ones, taking into consideration shifts in exchange rates, transaction costs and risk premiums.

On the other hand, it was thought that by controlling the pace of devaluation, domestic prices would adapt to the devaluation rate and to that of international inflation. If established in a decreasing pattern, this would simultaneously abate inflationary expectations and eliminate uncertainties concerning exchange rates.

All this notwithstanding, in order to achieve a degree of congruency between domestic and international prices, the policy of currency exchange delay was complemented with a slower rate of price adjustments and a reduction in import duties at a more accelerated pace than had originally been envisioned in the plan which had contemplated gradually reducing protection levels until 1989. As a result, typical

instruments of resource allocation such as the policy on customs duties were denatured by being subordinated to the objective of reducing inflation.

Between 1979 and the beginning of 1981, the above policies aggravated external imbalances and resulted in the dismantling of vast sectors of industry, in addition to increasing insolvency on part of domestic borrowers. The external imbalances were associated with currency exchange delays, which produced a deficit in the trade balance as of the end of 1979, combined with the increasing burden of foreign indebtedness and speculative activity due to the profit to be derived from the spread between domestic and international interest rates. High interest rates internally, resulting from currency exchange risk and political incertainty, and further stimulated by the coexistence of free rates and officially guaranteed deposits, aggravated the debtors' situation and generated one of the most profound financial crises in our country's economic history. Starting early in 1980, the flight of private capital was attenuated by more substantial foreign borrowing on the part of official agencies. In that year and in the first quarter of 1981 the departure of capital for unspecified reasons exceeded 10,000 million dollars.

In early 1981 the growing imbalances between the external sector and internal money markets made it necessary to abandon the policy of anticipated devaluations. Conditions for subsequent development of the Argentine economy were defined in that period: from then on, foreign and fiscal accounts would suffer permanent imbalances; the financial sector would find itself incapable of fulflilling its intermediary function in an efficient and disciplined manner; inflation indices would accelerate, and the production sector would enter a prolonged period of recession.

Starting halfway through 1981, continual adjustments to exchange rates and later to prices, designed to recover funds lost as a result of late payments, contributed significantly to accelerate the inflationary process. The policy of nonmonetary deficit financing was abandoned in favor of a

return to the use of issues as a source of revenue. Price decontrol in the money markets was further aggravated by the practice of rediscounting to financial agencies to stave off the collapse of the system, beleaguered as it was both by its own deficiencies and by the insolvency of debtor companies. Such companies had to pay, in real terms, ever-higher interest rates in the midst of an economic recession. Furthermore, the difficulties that had to be faced with respect to international reserves led to the implementation of a schedule of foreign currency exchange and compensation through modifications in the exchange rate, which, implicitly, amounted to subsidizing companies with foreign debt.

To the internal factors we have analysed must be added, particularly from 1981 on, the adverse effects brought about by international merchandise and credit markets. The recession in industrialized countries was having unfavorable repercussions throughout world trade, provoking a sharp reduction in the international prices of products exported by Argentina—18% between the last quarter of 1981 and 1982—greater than the decrease in prices of imports to the country, at a time when international finance markets were recording increasing restrictions of funds caused by interest rate hikes. The combination of high nominal interest rates and deteriorating terms for currency exchange gave rise to strongly positive interest rates in real terms, which contributed to aggravate the situation brought about by the process of foreign indebtedness.

During the first half of 1982 the emphasis of economic policy again focused on attacking inflation, adjusted variables being wages and prices. In particular, nominal salary increases authorized for the private sector were lower than the inflation rate and a reduction of public spending was achieved by freezing public-sector employees' wages and reducing other expenditures, both current and capital-related. This policy, added to significantly positive interest rates in real terms, contributed to worsening the companies' capital situation.

In July of 1982, a financial reform measure was implemented as part of a policy designed to reduce business liabilities in real terms and to reinvigorate the level of economic activity. The first objective was achieved, basically,

Heading to graph:

1. Gross Industrial Production
   Variations with relation to same period of previous year.

through a reduction in nominal interest rates and their sharp decline in real terms, thus bringing about a significant reduction in companies' debts to the banks. This contributed to the reorientation of financial fluctuations to meet the demand for goods, and brought about a reversal of the decline in industrial production that had lasted for ten consecutive quarters. At the same time, exchange regulations were adopted that recognized the duality of the market—commercial and financial—with a major adjustment in exchange rates. The negative cost effects of these measures to companies with foreign debt were counteracted with an exchange-rate insurance schedule based on the rate that had been current prior to implementation of the reform measures.

The pace of inflation picked up during the second quarter, basically due to monetary imbalance caused by the July measures, the hike in exchange rates in real terms, and increased inflationary expectations.

By the end of 1982 the Argentine economy faced the reality that the imbalances resulting from the policies of preceding years had become significantly more marked, giving rise to a situation characterized by unprecedented foreign debt, economic recession and deindustrialization, a high inflation rate and considerable distortion if relative prices.

The problem of foreign debt had been aggravated by the interest that had to be paid out at the maturity of a strong concentration of short-term instruments, as well as by restricted access to credit in the international capital market.

The GNP dropped sharply for the second consecutive year, settling at a level slightly below that recorded ten years earlier, although as of the third quarter of 1982 some signs of industrial revitalization were recorded. During the second quarter, the monthly inflation rate had reached two-digit figures and a far more accelerated pace than was seen during the first half of the year. Finally, certain relative prices key to the economy showed

Headings to graphs:

1. Gross Product and Man-Hours Worked in Manufacturing
   Base 1970 = 1
   Gross industrial product (GIP)
   Man-hours worked

2. Progress of Real Public Prices
   Base 1978 = 1
   Adjusted to consumer price index
   Adjusted to national non-agricultural price index

significant deviations from values which would have been considered normal based on historical averages. Levels relating to wages and prices were markedly depressed.

The highest priority of the economic program implemented at the end of 1982 and continued throughout 1983 was to alleviate the restrictions emerging from the foreign sector. During the first quarter of 1983, there were basically two economic policy measures tending towards this objective: the acquisition of additional medium- and long-term foreign loans and the maintenance of high foreign exchange rates that had prevailed during the last quarter of 1982. To handle commitments resulting from foreign-debt repayment dates, various types of transaction were effected, among which should be mentioned IMF loans, bridge loans and medium-term loans from commercial banks, short-term extensions on payment dates of public-sector debt, the renewal of swap transactions and the refinancing of currency exchange insur-

ance transactions through the issuance of instruments transferring these debts from the private to the public sector.

The significant business surplus indicated by first-quarter figures—resulting from the combination of an outstanding agricultural harvest and the low level of imports associated with a recessive situation, stocks of imported merchandise and limitations imposed on the importation of products from abroad, as

Headings to graphs:

1. Wholesale Consumer Price Index
   Variations between general levels and those of previous year.
   Prices to consumer
   Wholesale prices

2. Global Liquidity Coefficients
   Monetary resources/GIP
   (1) Monetary resources shown are geometric averages of monthly observations of monetary aggregates, adjusted to the Wholesale Price Index (general level). The GIP is calculated by market prices in millions of [illegible] for 1970.

   Note: Total monetary resources are monthly averages of daily balances of bills and monies under the control of economic units not [illegible] to the ensemble of financial entities and deposits and obligations in favor of the public and private sectors, subject to minimum cash, deposits at the free rate (as of June 1982) and deposits from entities in liquidation.

well as the financial strategy mentioned previously—made it possible to diminish the level of late payments as well as adding flexibility to payment conditions for imported merchandise.

The slight recovery in economic activity noted in the first quarter was accentuated in the course of the second. The

principal dynamizing factor in this process was a revitalization of industry following extremely depressed 1982 levels. The growth of industry was supported by a reduction in imports—which declined due to the maintenance of a high real exchange rate—and by certain quantitative restrictions on importing merchandise from foreign countries. Following the highs recorded for January and February, the inflation rate tended to decelerate in subsequent months. Several factors influenced this first-quarter development in the economy. First, the currency exchange policy, in contrast to the last quarter of 1982, indicated only maintenance of the exchange rate in real terms. Second, for some months reasonable control was achieved over monetary aggregates and the increasing demand for financial assets, caused by more-or-less neutral interest rates in real terms. In any event, the degree of monetization of the economy—measured as the realationship between monetary resources and the GIP—just exceeded 14% in the second quarter, this being the highest recorded for the year. Price controls implemented at the end of 1982 for the leading companies (which had to justify all price increases by providing evidence of increased costs) also contributed to this result.

The correction of relative price distortions came under attacked by public wage and price adjustments.

During the first quarter some encouraging signs were noted with respect to the possibility of controlling the serious economic situation—which was imperative—and gradually correcting existing imbalances. A slight industrial recovery, a growth of public wages and prices in real terms, a degree of control over money markets and the fiscal situation, and certain progress in the renegotiation and restructuring of the foreign debt were noted.

Nevertheless, by the middle of 1983 it was becoming apparent that this situation was temporary and that it would soon suffer a sharp deterioration.

The improvement in real wages, which started gradually, is accelerating rapidly in a climate characterized by economic

revitalization, greater negotiating capacity on the part of unions, and political expansion. As a result of nominal salary increases and public price adjustments, the pace of inflation is accelerating, so that regulated interest rates—which in the first months of this year were more or less in line with the growth rate of prices—turned negative in real terms, aggravating financial market imbalances. In addition, the terms of the foreign debt renegotiation were such that the availability of funds was contingent upon the achievement of economic policy objectives stiulated by the agreements. The failure to meet agreed-upon targets has therefore affected debt renegotiations and has further damaged the country's external situation in general.

In the second half of the year, then, we see a generalized accentuation of imbalances existing in the primary markets, and of prices in relation to key macroeconomic variables. Given this economic picture, to which we must add the uncertainty caused by impending change in the political situation, it was hoped that the economic leaders and sectors would make decisions designed primarily to improve their relative position in the struggle for income distribution. Wage and price increases have indeed been followed by price increases for goods and services, and, consequently, a continual reaccommodation of relative prices. Nevertheless, wages have grown faster than prices, so that in the third quarter there was a further improvement in real wages.

During the third quarter the external situation deteriorated again, due to the slower pace of adjustment for official parity of the dollar and negative interest rates in real terms, which fact affected the existing gap between the official and marginal quoted prices for the dollar. Furthermore, the increased flexibility in payment periods for first-quarter imports considerably increased disbursements for that item in September. In addition, by the end of the quarter there were still arrears with respect to foreign obligations amounting to 1,145 million dollars, which rose to 3,222 million by year's end.

The public sector showed an ever-widening gap between income and expenses. On the one hand there was a substantial reduction in tax revenues, despite the reinvigorated economy, basically due to a steep escalation in the incidence of tax evasion and deferral of fiscal obligations. On the other hand, significant increases were seen in the wages of public sector employees. Given this picture, we can only expect a steep increase in the government's operating deficit.

Headings to graphs:

1. Progress of Real Wages (INDEC)
   Index of industrial worker's normal hourly salary adjusted to the consumer price index.
   Base: January 1982 = 1

2. Progress of Real Exchange Rate
   Index of seller exchange rate adjusted to consumer price index.
   Base: 1978 = 1

[LETTERHEAD OF RENNERT BILINGUAL TRANSLATIONS]

AFFIDAVIT OF ACCURACY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

This is to certify that the attached translation no. S04110-183E is an accurate, true and complete rendition from Spanish into English of Decree No. 1379 of August 19, 1987 and External Debt Records 1979, 1980 and 1981 to the best of my knowledge and belief.

RENNERT BILINGUAL TRANSLATIONS

/s/ MIKAEL E. POULSEN
By Mikael E. Poulsen
Director

SWORN TO AND
SUBSCRIBED BEFORE ME
THIS 11TH DAY OF APRIL, 1990

/s/ BRUCE J. LEVINE
BRUCE J. LEVINE
NOTARY PUBLIC,
STATE OF NEW YORK
NO. 24-4946203
Qualified in Kings County
Commission Expires Jan. 27, 1991

Translation No. S04110-183E

1379

NATIONAL
EXECUTIVE BRANCH

[Stamp: MINISTRY OF THE ECONOMY 14/18 Page 11]

Buenos Aires
August 19, 1987

Having reviewed the Financing Plan for the REPUBLIC OF ARGENTINA for the year 1987 and the "General Principles of Refinancing for Borrowers in the Argentina Public Sector for the Year 1987" included therein:

WHEREAS,

Pursuant thereto, the MINISTRY OF THE ECONOMY and the CENTRAL BANK OF THE REPUBLIC OF ARGENTINA have arranged with public-sector banks providing foreign-currency credit to refinance capital debts which have come due and which will come due as of January 1, 1987, also including in such refinancing the amortization of capital included in the Guaranteed Refinancing Contract approved by Decree No. 1579 of August 22, 1985; the refinancing of bonds originally issued between 1982 and 1985 to pay for transactions covered by exchange-rate insurance, which have come due or are about to come due; and the Guaranteed Refinancing Contract for the debt of AEROLINEAS ARGENTINAS SOCIEDAD DEL ESTADO [the State-owned Argentinian airline], approved by Decree No. 2419 of September 15, 1983; and

WHEREAS,

The unpostponable need to honor commitments entered into, and the high priority of deadlines which must be met in order to normalize our foreign payment schedule, make it necessary to prescribe measures intended to address these needs; and

WHEREAS,

Consequently, a draft contract has been prepared which responds to these requirements whose text reflects the content negotiations between representatives of the MINISTRY OF THE ECONOMY and the CENTRAL BANK OF THE REPUBLIC OF ARGENTINA, in consultation with Argentinian public sector borrowers and creditor bank representatives; and

[Marginal notation:
236 and a series of
initials, flourishes,
etc.]

NATIONAL
EXECUTIVE BRANCH

[Stamp: MINISTRY OF THE ECONOMY 15/18 Page 12]

WHEREAS,

As an alternative possibility for the creditor banks, in the course of the negotiations for the 1987 Financing Plan it was agreed that the REPUBLIC OF ARGENTINA, through the CENTRAL BANK OF THE REPUBLIC OF ARGENTINA in its capacity as finance agent for the STATE and the NATION, would issue Alternative Share Instruments under the conditions set forth in the respective draft conversion agreement, to come due in TWENTY-FIVE (25) years with a TWELVE (12) year grace period and a FOUR PERCENT (4%) annual fixed interest rate; and

WHEREAS,

The fact that the national interest is at stake justifies the REPUBLIC OF ARGENTINA in arranging and guaranteeing the refinancing contract to be entered into, and in proceeding to confirm signature and deposit agreements for the above-mentioned Alternative Share Instruments as well as all payment instruments which may be established and/or issued in fulfilling obligations that arise from such contracts and agreements; and

WHEREAS,

The Secretary of the National Treasury has affirmatively issued the pertinent legal directives; and

WHEREAS,

In accordance with the faculties conferred by Article 86, subclause 1 of the National Constitution, Article 48 of Law No. 16.432, incorporated in Complementary Permanent Budget Law No. 11.672, and modified by Article 7 of Law No. 20.548, Article 13 of Law No. 23,526 and Article 59 of the Stamp Tax Law, text mandated in 1986, and modifications thereto, the EXECUTIVE BRANCH finds itself autho-

rized to approve, contract and guarantee transactions such as those submitted for your consideration.

[Marginal notation:
236 and a series of
initials, flourishes,
etc.]

NATIONAL
EXECUTIVE BRANCH

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NOW, THEREFORE,

THE PRESIDENT OF THE ARGENTINE NATION DECREES

ARTICLE 1. Approval, in all its parts, of the draft "Guaranteed Refinancing Contract" the text of which, in Spanish and in English, consisting of THIRTEEN (13) sections and FORTY-NINE (49) annexes, forms an integral part of this Decree as Annex I, for signature by the following parties:

a) The debtors listed on the signature pages of the said contract, in their capacity as borrowers;

b) THE CENTRAL BANK OF THE REPUBLIC OF ARGENTINA in its capacity as such, or as borrower;

c) THE REPUBLIC OF ARGENTINA, in its capacity as borrower or as guarantor; and

d) A consortium of Banks, the members of which are listed on the signature pages of the said contract, in their capacity as lenders and Agent Banks.

ARTICLE 2. THE CENTRAL BANK OF THE REPUBLIC OF ARGENTINA is hereby authorized, in its capacity as Financing Agent of the REPUBLIC, to issue bonds of public debt, the purpose of which shall be to refinance bonds originally issued between 1982 and 1985 to pay for transactions covered by exchange-rate insurance, which have come due or are about to come due; and authority is hereby delegated to THE CENTRAL BANK OF THE REPUBLIC OF ARGENTINA to establish the text thereof, subject to the limitations provided by Decree No. 1336/82, dated November 26, 1982 with respect to extension of jurisdiction and the financing conditions set forth in the Financing Plan for the REPUBLIC OF ARGENTINA for 1987.

[Marginal notation:
236 and a series of
initials, flourishes,
etc.]

NATIONAL
EXECUTIVE BRANCH

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ARTICLE 3. Any and all approvals and/or authorizations from the NATIONAL EXECUTIVE BRANCH which may be required in accordance with regulations currently in force so that any person being a party to the "Guaranteed Refinancing Contract," the "Alternative Share Instruments Conversion Contract," the "Contract of Deposit" and the "Alternative Share Instrument" may subscribe to or assume any of the commitments stipulated therein or take actions necessary to or required for compliance with its provisions, must be considered authorized upon issuance of the instant Decree. The above-mentioned "Guaranteed Refinancing Contract" shall be operative for each one of the borrowers that shall sign it, upon approval by their respective governing and administrative bodies.

ARTICLE 4. The Minister of the Economy, or such officer or officers as he may designate, is hereby authorized to sign, in representation of the REPUBLIC OF ARGENTINA in its capacity as guarantor and borrower, the contracts and instruments referred to in Article 1 of this Decree and any and all other documents and instruments required by, referred to in, or related to such contracts and instruments.

ARTICLE 5. The Minister of the Economy, or such officer or officers as he may designate, is hereby empowered, in name and representation of the REPUBLIC OF ARGENTINA, to agree to and sign modifications to the contracts and instruments whose texts are approved by Article 1 of this Decree, provided that such modifications do not constitute substantial changes to the purpose thereof, do not result in an increase in the amount thereof, and do not modify the jurisdiction and immunity clauses agreed to therefor.

ARTICLE 6. The contracts and instruments approved by Article 1 of this Decree, and all instruments and documents referred to therein or related thereto, are hereby declared

exempt of stamp tax, by virtue of the faculties conferred upon the NATIONAL EXECUTIVE BRANCH by Article 59 of the Stamp Tax Law, the text of which was mandated in 1986, and the modifications thereto.

The instant Decree shall be communicated, published and delivered to the National Official Records Bureau and shall be filed.

DECREE No. 1379

[Official stamps and signatures, including that of the Secretary of the Treasury and the Minister of the Economy]

[Marginal notation: 236, 2036-2 and a series of initials, flourishes, etc.]

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

89 Civ. 6926 (JES)

WELTOVER, INC., SPRINGDALE ENTERPRISES, INC., and BANK CANTRADE,

Plaintiffs

—against—

REPUBLIC OF ARGENTINA and BANCO CENTRAL DE LA REPUBLICA ARGENTINA,

Defendants.

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

AFFIDAVIT

RICHARD W. CUTLER, counsel for plaintiffs having been duly sworn, hereby deposes and says in opposition to defendants' motion to dismiss the complaint as follows:

1. This is a collection case. Plaintiffs sue to collect on bonds issued by the defendants in 1982 and denominated in United States dollars (the "Bonods"). The argument of this motion is set forth in our accompanying Memorandum of Law, and the purpose of this Affidavit is to place before the court certain materials to which we refer in that Memorandum. In order to avoid any dispute as to translation, our Exhibits "A", "B", and "C" are taken directly from defendants' submissions.

2. The Bonods specifically provide that the interest and principal are payable in New York City (and other financial centers) at the holders' election. [Exhibit "A", Bonod terms

in English, § 3(d)] Two plaintiffs are assignees of original holders (Weltover, Inc. and Springdale Enterprises, Inc.), and one plaintiff is an original holder (Bank Cantrade, A.G.) [*e.g.*, Exhibit "F"]. They have all demanded payment in New York, but defendants have failed to pay.

3. In the course of our discussion of the commercial nature of the issuance of the Bonods, we ask the court to consider that Banco Central required a fee of .1% on the amount of securities. [Exhibit "B", Decree #1334, § 6] On an issue of $1,200,000,000—to which defendants' affiant swears—that commission amounts to $1,200,000.

4. In the course of our discussion of defendants' waiver of their jurisdictional defenses, we ask the court to consider that defendants decreed that jurisdiction would be extended to the courts of New York and other financial centers. [Exhibit "C", Decree #1336, § 3(g)]*

5. In the course of our discussion of personal jurisdiction of the defendants, we ask the court to take judicial notice that Argentina has maintained consulates throughout the United States for years. Exhibit "D" is a copy of pages from the Manhattan telephone directory for the period 1982 to the present showing a listing in each of those years for the Argentine consulate and a trade or commercial office. Exhibit "E" is a copy of pages from the San Francisco telephone directory for the same period showing a listing for the Argentine consulate.

6. Defendants' affiant says that payment "is not possible at this time" because defendants have promulgated foreign exchange regulations which prohibit such payment. [Marx Affidavit, § 14] Of course, payment is very possible—the defendants simply choose to do other things with their money. In this regard defendants—their governmental status notwithstanding—are no different from other debtors sued

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* Defendants' translation contains a minor typographical error: It denotes two sub-sections as "(g)". We refer to the "real" subsection (g) at the top of the page designated by the translator as #8.

on their obligations in any court. They say that they want to reform their financial system. They can begin by meeting their legal obligations.

/s/ RICHARD W. CUTLER
Richard W. Cutler

SWORN TO BEFORE ME THIS 29TH
DAY OF MAY, 1990

/s/ [ILLEGIBLE]
Notary Public
[ILLEGIBLE]
No. 31-3665675
Qualified in New York County
Commission Expires March 10, 1992

PETITIONER'S

BRIEF